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Ask for Wendy Johnson
Email wendy.johnson@lichfielddc.gov.uk



District Council House, Frog Lane
Lichfield, Staffordshire WS136YU

Customer Services 01543 308000
Direct Line 01543 308065

7th November 2016

Dear Sir/Madam

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

A meeting of the above mentioned Committee has been arranged to take place on **TUESDAY 15th NOVEMBER 2016 at 6.00 pm** in the **Committee Room**, District Council House, Lichfield, to consider the following business.

Access to the Committee Room is via the Members' Entrance.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Turner', is written over a light blue horizontal line.

Neil Turner BSc (Hons) MSc
Director of Transformation & Resources

To: Strategic (Overview and Scrutiny) Committee

Councillors Strachan (Chairman), Tittley (Vice-Chairman), Mrs Baker, Mrs Barnett, Constable, Drinkwater, Marshall, Matthews, Powell, Rayner, Mrs Stanhope MBE, White and Mrs Woodward.



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AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. To approve as a correct record the Minutes of the Meeting held on 7th September 2016 (copy attached)
4. Work Programme and Forward Plan (copy attached)
5. Money Matters 2016/17: Review of Financial Performance against the Financial Strategy - April to September 2016 (copy attached)
6. Progress Report on Devolution (copy attached)



STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE

7th SEPTEMBER 2016

PRESENT:

Councillors Strachan (Chairman) Tittley (Vice-Chairman), Mrs Baker, Mrs Barnett, Matthews, Powell, Rayner, White and Mrs Woodward.

(In accordance with Council Procedure Rule No.17 Councillors Mrs H. Fisher, Pritchard, Pullen, Spruce and Wilcox attended the meeting)

APOLOGIES FOR ABSENCE were received from Councillors Constable, Drinkwater, Marshall and Mrs Stanhope MBE

DECLARATIONS OF INTEREST:

There were no declarations of interest

MINUTES

The Minutes of the Meeting held on 9th June 2016 were taken as read, approved as a correct record and signed by the Chairman.

RESOLVED: That the Minutes of the Meeting held on 9th June 2016 be approved as a correct record.

FORWARD PLAN AND WORK PROGRAMME

Members considered the Work Programme and Forward Plan. It was requested that items on the impact of the management restructure and review of the Peer Review report be added. It was agreed at the previous meeting that a progress report on devolution would be coming to the November meeting and the management restructure/peer review would be brought to the January meeting

RESOLVED: That the Forward plan and Work Programme be noted and amended as agreed.

MONEY MATTERS 2015/16: REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

A report was submitted on the Council's financial performance against the Financial Strategy during 2015/16.

After the Cabinet Member for Finance and Democracy introduced the report, the Internal Business Support Services Executive Mr Anthony Thomas gave the Committee a presentation.

It was reported that the Council's general reserves had improved by £1,681,925 in comparison to the original budget. It was also reported that both the Revenue budget and Capital Programme was below budget. It was noted that £186,224 additional capital receipts had been received compared to the approved budget.

The Committee noted information reported on Treasury Management and Council Tax Collection performance.

It was asked what the available General Reserves would be used for and it was reported that there was not a specific reason but could be for invest to save purposes and in preparation for future uncertain financial times for example the cessation of Revenue Support Grant and changes to New Homes Bonus. It was also noted that each directorate was also holding their own earmarked reserves, ie money that is earmarked for a specific known event/purpose in the near future.

It was reported that following a review from the LGA, it was found that there was a culture of being very prudent and risk adverse and this was a main reason for the continuing underspends. It was added that the Internal Business Support Service would be working with budget holders to identify these consistent underspends so that they could be built back into the budget wherever possible. Members welcomed this approach and as a better way of tackling the cultural issues rather than top slicing budgets especially if it was communicated that budgets could be returned if required. The Committee also felt that some O&S involvement could help with the process.

It was confirmed that the new Waste Fleet appeared on the Lichfield District Council Balance Sheet only and not jointly on the Tamworth Borough Council's budget as Lichfield had all the asset responsibility and this had been agreed as the correct approach by External Audit.

It was asked if the current investments were too conservative resulting in not the best level of return. It was reported by the Cabinet Member that although it did look conservative, it was about striking the right balance as it was rate payer's money. It was noted that there was now more diversity with investments including a property fund. It was asked if joint ventures could be investigated further and it was agreed for the Committee to receive an item on the investment strategy in the future including what other Local Authorities were doing.

When asked, it was noted that budgets would be re-profiled after the management re structure was complete and the eight heads of Service would be key to the process of creating a fresh outlook.

RESOLVED: (1) That the report be noted;

(2) That the continuation to closely monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2016-20 (MTFS) (R&C) 2016-20) by Leadership Team and Cabinet Member be noted;

(3) That it be noted that £1,123,000 of Capital Programme slippage relating to 2015/16 would be added to the Approved Budget in 2016/17; and

(4) That the actual 2015/16 Prudential Indicators be noted.

STATEMENT OF ACCOUNTS 2015/16

Mr J Cook (Director) and Mr T Tobin (Senior Manager) from Grant Thornton, the Council's Auditors, were welcomed to the meeting.

Detailed consideration was given to the Statement of Accounts 2015/16. It was advised that The Accounts and Audit (England) Regulations required Local Authorities to certify its set of Accounts by 30th June and publish an Audited set of accounts by 30 September. It was noted that new regulations would bring the date for certification of unaudited accounts to 31 May and publication of audited accounts to 31 July.

The Internal Business Support Services Executive Mr Anthony Thomas gave the Committee a presentation on the key items of the report.

The External Auditor reported to the Committee that they had carried out detailed investigations and tests and concluded that they would be giving an unqualified audit opinion. They wished to thank Officers for producing a very high standard in the financial reports. They reported that their Value for Money opinion had been based on two main risks of the Council's financial position and management restructure but the auditors were satisfied with the processes in place.

Members felt that there was a duplication of work for Members as the Statement of Accounts was also considered at the Audit Committee. The Chief Executive reported that there was a variety of options to rectify this which would be explored.

It was also expressed that the Member Task Group charged with improving the O&S function was not active enough and so disagreed with the assertion made in the Annual Governance Statement.

Members had concerns that local knowledge was not being included if or when a District Valuer gave their opinion on better use of a surplus or investment asset. It was felt that there should be Member involvement.

RESOLVED: (1) That the Council's Statement of Accounts for 2015/16 be endorsed for approval by full Council on the 27th September 2016;

(2) That the External Auditor's Audit Findings Report be noted; and

(3) That the letter of Representation be approved.

MONEY MATTERS 2016/17: REVIEW OF FINANCIAL PERFORMANCE AGAINST THE FINANCIAL STRATEGY

A report was submitted on the financial performance of the Council during the period April to June in the financial year 2016/17

After the Cabinet Member for Finance and Democracy introduced the report, the Internal Business Support Services Executive Mr Anthony Thomas gave the Committee a presentation.

It was asked if whether the target of new house completions would be met and if not what the implications for New Homes Bonus would be. It was reported that as the report only covered the first three months of the year, it was too early to predict.

It was noted that if the current financial position remained, there would still be a funding gap and Member felt that discussions were needed soon on how the Council should look in the future.

The Cabinet Member for Finance & Democracy wished to have his sincere thanks recorded for all the work completed by Mr Anthony Thomas as acting Section 151/ Chief Finance Officer. This thanks was mirrored by the Committee

RESOLVED: (1) That the report be noted;

(2) That Leadership Team with Cabinet Members continue to closely monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2016-20 (MTFS (R&C) 2016-20)

(3) That the increase of **£154,000** in the Capital Programme Approved Budget for the Hawksyard Community Building from **£166,000** to **£320,000** with funding provided by Section 106 contributions be noted.

(4) That the increase of **£205,000** in the Capital Programme Approved Budget for Synthetic Pitch replacement from **£165,000** to **£370,000** with funding provided by capital receipts of **£165,000** and an earmarked reserve of **£40,000** be noted.

(5) That the establishment of an Earmarked Reserve to manage the potential underlying asset price risk related to the Property Fund investment. All income in excess of the approved income budget will be transferred to the Earmarked Reserve for the duration of the investment to mitigate the risk of a reduction in asset prices be noted.

(The Meeting finished at 7.50 p.m.)

CHAIRMAN

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE WORK PROGRAMME FOR 2016-17

AGENDA ITEM 4.

Item	9 June 2016	7 Sept 2016	15 Nov 2016	30 Jan 2017	Details/Reasons	Link to 2016/17 One Year Action Plan	Officer	Member Lead
Policy Development								
Terms of Reference	✓				To remind the Committee of the terms of reference and suggest any amendments		NT	
Fit for the Future Revenue and Benefits Service Review	✓				To seek comments on the draft report including findings and recommendations from this Review prior to consideration by Cabinet	One of the top ten priorities is a Council that is Fit for the Future; the target is to develop and implement a Delivery Plan for the Revenues and Benefits review by March 2017	AT/PL/YW	Councillors Spruce and Pullen
Fit for the Future Programme: Programme update and overview				✓	To note progress of the Programme to date, approve the next phase of reviews, and endorse changes to programme governance arrangements		DT	
End of Year Performance Overview for 2015/2016	✓				Scrutinise performance against the projects and activities set out in the One Year Action Plan 15/16 which fall within the remit of the Strategic O&S Committee	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	NT	Councillor Spruce

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE WORK PROGRAMME FOR 2016-17

AGENDA ITEM 4.

Item	9 June 2016	7 Sept 2016	15 Nov 2016	30 Jan 2017	Details/Reasons	Link to 2016/17 One Year Action Plan	Officer	Member Lead
Overview & Scrutiny Review				✓	Update		NT	
Impact of Management Review				✓			DT	
Money Matters 2015/16 : Review of Financial Performance against the Financial Strategy		✓			Scrutinise the Council's performance against the Medium Term Financial Strategy. Scrutinise performance of the Treasury Management Strategy	A Well Managed Council - We'll keep a tight control and management of the Council's finances	AT	
Statement of Accounts 2015/16		✓			Scrutinise the Statement of Accounts	A Well Managed Council - We'll maximise the Council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	AT	
Money Matters 2016/17 : Review of Financial Performance against the Financial Strategy - April to September 2016			✓		Monitor the position in relation to the Medium Term Financial Strategy for 2015/2016. Monitor Treasury Management activities and Prudential Indicators.	A Well Managed Council - We'll maximise the council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	AT	

STRATEGIC (OVERVIEW AND SCRUTINY) COMMITTEE WORK PROGRAMME FOR 2016-17

AGENDA ITEM 4.

Item	9 June 2016	7 Sept 2016	15 Nov 2016	30 Jan 2017	Details/Reasons	Link to 2016/17 One Year Action Plan	Officer	Member Lead
Progress Report on Devolution			✓				DT	
Medium Term Financial Strategy (Revenue and Capital) 2017-21				✓	Scrutinise the Council's resource plans in relation to the delivery of the Strategic Plan priorities	A Well Managed Council - We'll keep a tight control and management of the Council's finances	NT/AT	
Annual Action Plan 2017/18 Directorate Top 10 2017/18				✓	This will accompany the three year medium term financial forecast for Revenue/Capital and reflect the one year actions needed to deliver the Plan for Lichfield District	A Well Managed Council - We'll maximise the Council's performance, innovation and efficiency, so we use our resources well and deliver good quality and better value services	NT/AT	Leader / Councillor Pullen
Money Matters 2016/17: Review of Financial Performance against the Financial Strategy - April to November 2016				✓	Scrutinise financial performance and the revised estimate for the full year.	A Well Managed Council - We'll keep a tight control and management of the Council's finances	AT	

Item	9 June 2016	7 Sept 2016	15 Nov 2016	30 Jan 2017	Details/Reasons	Link to 2016/17 One Year Action Plan	Officer	Member Lead
Briefing Papers								

LICHFIELD DISTRICT COUNCIL

FORWARD PLAN

Updated: 04.11.2016

Effective for the Period 01.11.2016 – 31.01.2017

Representations in respect of all the matters shown should be sent in writing to the contact officer indicated at Lichfield District Council, District Council House, Frog Lane, Lichfield, Staffs. WS13 6YU no later than one week before the decision is due to be made.
Copies of documents can also be obtained by contacting the relevant Officer.
Facsimile: 01543 309899; Telephone: 01543 308000

- Key decisions are:
1. A decision made in connection with setting the Council Tax
 2. Expenditure or savings if they exceed £50,000
 3. A decision which significantly affects the community in two or more wards

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) ^{(1) (*)}	CONFIDENTIAL YES/NO ⁽⁸⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DECISION TO BE TAKEN BY AND DATE ⁽³⁾⁽⁶⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
*Revised eligibility criteria and award threshold of the Discretionary Housing Payment (DHP) Policy.	No	To agree an amended DHP policy with revised eligibility criteria and award thresholds.	Cabinet Member Decision by 30/11/2016	Consultation with major Registered Providers and the Strategic Housing Partnership has been undertaken.	Revised DHP Policy	OFFICERS: Mrs P Leybourne (01543) 308921 Mr C Gibbins (01543) 308702 CABINET MEMBERS: Councillor C Greatorex

* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) ^{(1) (*)}	CONFIDENTIAL YES/NO ⁽⁸⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DECISION TO BE TAKEN BY AND DATE ⁽³⁾⁽⁶⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
						(01543) 416677 Councillor C J Spruce (01543) 258120
*Revised Homeless Prevention and Assistance Policy	No	Approve amendments to the Homeless Prevention and Assistance Policy	Cabinet Member Decision by 30/11/2016		Revised Homeless Prevention and Assistance Policy	OFFICER: Mr C Gibbins (01543) 308702 CABINET MEMBER: Councillor C. Greatorex (01543) 416677
*Fees and Charges	Yes	To consider fees and charges of core activities in Leisure Centres and Parks in 2017	Cabinet Member Decision November 2016	Leisure, Parks and Waste Management (O&S) Committee October 2016	Report to O&S Committee and reaction Report to Cabinet	OFFICER: Mr R King (01543) 308060 CABINET MEMBER: Councillor A F Smith (01543) 410685

* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) ^{(1) (*)}	CONFIDENTIAL YES/NO ⁽⁸⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DECISION TO BE TAKEN BY AND DATE ⁽³⁾⁽⁶⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Mid-Year Performance Report – Annual Action Plan 2016/17	No	To approve the report	Cabinet 06/12/2016	A mid-year performance report for the Directorate Top 10s will be considered by Strategic O&S in November and the other three O&S Committees in January 2017	Mid-year Performance Outturn report	OFFICER: Mr C N Turner (01543) 308921 CABINET MEMBER Leader – Mike Wilcox (01543) 543289 Councillor D Pullen (01532) 300075
*Procurement of temporary revenues staff	No	To agree continued appointment	Cabinet 06/12/2016	Overview included in Fit for the Future Revenues and Benefits Service Review		OFFICER: Mrs P Leybourne (01543) 308921 MEMBER: Councillor C J Spruce (01543) 258120
* IT Support Contract	Yes	Award of Contract Extension	Cabinet 06/12/2016		Contract documents	OFFICER: Mr K Sleeman (01543) 308120 CABINET MEMBER: Councillor D Pullen (01543) 300075

* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) ^{(1) (*)}	CONFIDENTIAL YES/NO ⁽⁸⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DECISION TO BE TAKEN BY AND DATE ⁽³⁾⁽⁶⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
*Acceptance of External Funds – Better Care Fund	No	To accept funding to support expenditure on Disabled Facilities Grants and amend the capital programme accordingly.	Cabinet 06/12/2016	None	Notification of funding allocation	OFFICER: Mr C Gibbins (01543) 308702 CABINET MEMBER: Councillor C. Greatorex (01543) 416677
Contribution towards a housing redevelopment scheme	No	To agree a financial contribution to Bromford towards the redevelopment of defective housing stock which will deliver additional affordable housing units in the District	Cabinet 06/12/2016	Consultation has taken place with Bromford which owns the defective stock		OFFICER: Mr C Gibbins (01543) 308702 CABINET MEMBER: Councillor C Greatorex (01543) 416677
(*) Money Matters : 2016/17 Review of Financial Performance against the Financial Strategy	No	<ul style="list-style-type: none"> • To note the report and issues raised within. • To note that Leadership Team with Cabinet Members will continue to closely 	06/12/2016	Strategic (Overview and Scrutiny) Committee 15 November 2016	<ul style="list-style-type: none"> • CIPFA Code of Practice for Treasury Management in the Public Services • The Prudential Code for Capital 	OFFICER: Mr A Thomas Acting Section 151 Officer (01543) 308012 Anthony.thomas@lichfielddc.gov.uk

* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) ^{(1) (*)}	CONFIDENTIAL YES/NO ⁽⁸⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DECISION TO BE TAKEN BY AND DATE ⁽³⁾⁽⁶⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
		<p>monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2016-20 (MTFS (R&C) 2016-20).</p> <ul style="list-style-type: none"> To delegate authority to the appropriate Cabinet Members in consultation with the Director for Place and Community to accept Better Care Fund income for 2016/17 and to update the Medium Term Financial Strategy. 			<p>Finance in Local Authorities</p> <ul style="list-style-type: none"> Cabinet Reports: Money Matters (12 January, 9 February & 6 September 2016); Procurement of Contract Hire Vehicles (9 February 2016); Review of the Civic Function (5 April 2016); Re-procurement of property and place related software (5 April 2016), Re-procurement of Desktop Operating Software Contract (5 April 2016); Approval of Formal Car Parking Strategy (10 May 2016); 	<p>CABINET MEMBER: Councillor C Spruce Cabinet Member for Finance and Democracy</p>

* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) ^{(1) (*)}	CONFIDENTIAL YES/NO ⁽⁸⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DECISION TO BE TAKEN BY AND DATE ⁽³⁾⁽⁶⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
					Revised Charges for Street Naming and Numbering (5 July 2016); Broadband Connections (5 July 2016)	
Appointment of External Auditor *	No	To recommend to Full Council that this Council opts in to the appointing person arrangements made by Public Sector Audit Appointments (PSAA) for the appointment of external auditors.	06/12/2016	No Consultation – statutory process	PSAA Prospectus PSAA – Appointing Person – Frequently Asked Questions	<p>OFFICER: Mr A Thomas Acting Section 151 Officer (01543) 308012 Anthony.thomas@lichfielddc.gov.uk</p> <p>CABINET MEMBER: Councillor C Spruce Cabinet Member for Finance and Democracy</p>

* DENOTES KEY DECISION

MATTER FOR CABINET DECISION (PLEASE MARK KEY DECISIONS WITH AN ASTERIX) ^{(1) (*)}	CONFIDENTIAL YES/NO ⁽⁸⁾	DECISION EXPECTED TO UNDERTAKE ⁽²⁾	DECISION TO BE TAKEN BY AND DATE ⁽³⁾⁽⁶⁾	CONSULTATION ⁽⁴⁾ INCLUDING CONSULTATION WITH OVERVIEW & SCRUTINY (If no consultation has been undertaken please briefly explain why)	DOCUMENTS AVAILABLE ⁽⁵⁾	CONTACT OFFICER/CABINET MEMBER ⁽⁷⁾
Shenstone Neighbourhood Plan & New Neighbourhood Plan Regulation implications	No	Adoption (or 'Making') of the Shenstone Neighbourhood Plan (subject to a 'yes' vote at the referendum on 17 November 2016). Delegation of decision making powers to enable the prescribed timescales within the new Neighbourhood Plan regulations to be met.	06/12/2016	Shenstone Neighbourhood Plan considered by Economic Growth, Environment and Development (Overview and Scrutiny) Committee in September 2016.	Shenstone Neighbourhood Plan Decision Statement, Shenstone Neighbourhood Plan (referendum version)	OFFICER: Mr A Baldwin (01543) 308147 CABINET MEMBER: Councillor I Pritchard (01543) 472232
Annual Action Plan 2017/18	No	To approve the Annual Action Plan	Cabinet 07/02/2017 Council 21/02/2017	The AAP is comprised from the Directorate Top 10s for 2017/18; these will be considered during the January 2017 round of O&S Committees	Annual Action Plan	OFFICER: Mr C N Turner (01543) 308921 CABINET MEMBER Leader – Mike Wilcox (01543) 543289 Councillor D Pullen (01532) 300075

1. The matter in respect of which the decision is to be made
2. What decision the Council will be asked to make
3. A date on which, or period within which, the decision will be made
4. What groups of people and/or organisations will be consulted before the decision is made and how the consultation will be carried out.
5. What background documents will be available to the person or Committee making the decision

* DENOTES KEY DECISION

- 6. Who will make the decision, i.e. the Cabinet, Council a Cabinet Member alone, an Officer under Delegated Powers
- 7. The Officer or Member who should be contacted regarding the matter under consideration.
- 8. Indicate whether the report will be confidential.
- * Denotes Key Decision

MEMBERS OF THE CABINET

Leader of Cabinet
Deputy Leader of Cabinet and
Cabinet Member for Economic Growth, Development and Environment
Cabinet Member for Leisure and Parks
Cabinet Member for Housing & Health
Cabinet Member for Waste Management
Cabinet Member for Finance and Democracy
Cabinet Member for Tourism and Communications
Cabinet Member for Community

Councillor M. J. Wilcox

Councillor I. M. P. Pritchard
Councillor A. F. Smith
Councillor C. Greatorex
Councillor I. M. Eadie
Councillor C. J. Spruce
Councillor Mrs H. E. Fisher
Councillor D. R. Pullen

MEMBERS OF THE COUNCIL

Allsopp, Mrs J A
 Awty, R J
 Bacon, Mrs N.
 Baker, Mrs D F
 Bamborough, R. A. J.
 Banevicius, Mrs S W
 Barnett, Mrs S A
 Boyle, Mrs M G
 Constable, Mrs B L
 Constable, D H J
 Cox, R E
 Drinkwater, E N
 Eadie, I M

Eagland, Mrs J M
 Evans, Mrs C D
 Fisher, Miss B
 Fisher, Mrs H E
 Greatorex, C
 Hassall, Miss E A
 Humphreys, K P
 Leytham, D J
 Marshall, T
 Matthews, T R
 Mills, J
 Mosson, R C
 O'Hagan, J P
 Powell, J J R

Pritchard, I M P
 Pullen, D R
 Pullen, Mrs N I
 Ray, P
 Rayner, B L
 Salter, D F
 Shepherd, Miss O J
 Smedley, D
 Smith, A F
 Spruce, C. J.
 Stanhope MBE, Mrs M
 Strachan, R W
 Tittley, M C
 Tranter, Mrs H

Warfield, M A
 White, A G
 Wilcox, M. J.
 Woodward, Mrs S E
 Yeates, A
 Yeates, B W

Money Matters : 2016/17 Review of Financial Performance against the Financial Strategy

Cabinet Member for Finance and Democracy

Date:	15 November 2016
Agenda Item:	5
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members :	Full Council

Strategic (Overview and Scrutiny) Committee

1. Executive Summary

- 1.1 The report covers the financial performance from April to September (Quarter two) for the financial year 2016/17.
- 1.2 The Revenue Budget is projected to be above budget by **£6,730** compared to the Approved Budget and this sum will be transferred from general reserves.
- 1.3 All of the Efficiency Plan target of **(£350,000)** has been identified for 2016/17.
- 1.4 The budgeted transfer to general reserves was **£8,560** as approved by Council on 23 February 2016. The Council's performance in the year to date projects that **(£120,610)** will be transferred from general reserves. This means the Council's general reserves are projected to reduce by **£129,170** for the financial year 2016/17 in comparison with the Original Budget.
- 1.5 The Capital Programme is projected to be below budget by **(£424,000)**; this will result in updates being made to the profiling of project spend to later financial years.
- 1.6 The Council is projected to receive higher capital receipts of **(£57,000)** compared to the Approved Budget due principally to **(£69,000)** from our share of Right to Buy Sales completed by Bromford.
- 1.7 In terms of Council Tax and Business Rates:
 - The Council's collection performance on Council Tax based on debt covering all years is **57.70%** and this is consistent with previous years.
 - There is a projected surplus for Council Tax and the Council's share of **(£39,580)** will be included in the 2017/18 budget.
 - The Council is projected to be paying Business Rate levy of **£470,400** to the GBS pool and will receive **(£153,000)** of returned levy. This is **£79,000** more net levy than the Approved Budget after taking account of the budgeted volatility allowance.
 - This additional net levy is partly offset by grant income related to the Business Rate Cap of **(£32,360)**.
 - Therefore, overall Retained Business Rate Income at this stage is projected to be **£46,640** less than the Approved Budget.
 - The Council's collection performance on Business Rates based on debt covering all years is **58.01%** and this is consistent with previous years.
 - There is a projected surplus for Business Rates and the Council's share of **(£749,390)** will be included in the 2017/18 budget.
- 1.8 The Council's investments achieved a risk status that was more secure than the aim of **A-** and yield exceeded all four of the industry standard LIBID yield benchmarks.

2. Recommendations

- 2.1 To note the report and issues raised within.
- 2.2 To note that Leadership Team with Cabinet Members will continue to closely monitor and manage the Medium Term Financial Strategy (Revenue and Capital) 2016-20 (MTFS (R&C) 2016-20).
- 2.3 To note that authority will be delegated to the Cabinet Members for Finance and Democracy and Housing and Health in consultation with the Director for Place and Community to agree and accept Better Care Fund income for 2016/17 and to update the Medium Term Financial Strategy.

3. Background

Budget Management

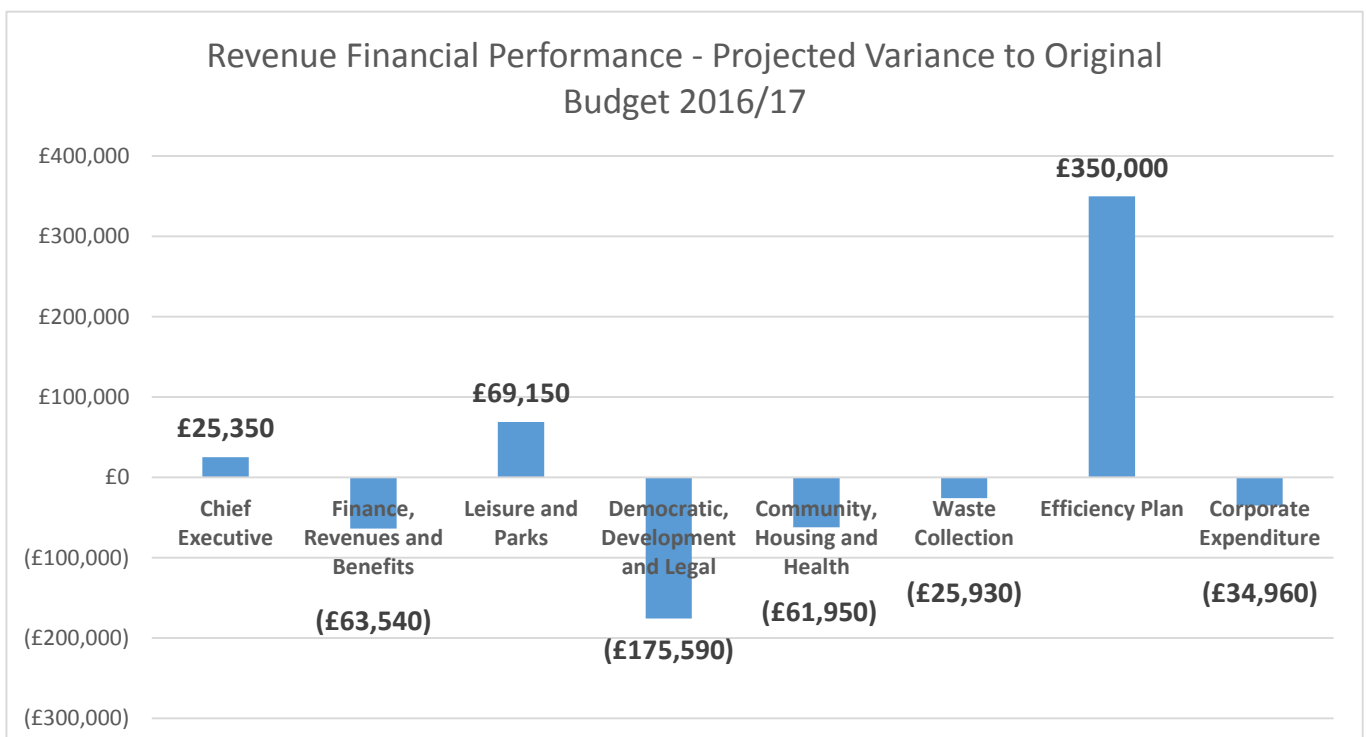
- 3.1. The MTFS (R&C) 2016-20 approved by Council on 23 February 2016 included the Original Budget for 2016/17 and set out the allocation of resources and the policies and parameters within which managers are required to operate.
- 3.2. Throughout the financial year, Money Matters reports will be provided to both Cabinet and Strategic (Overview and Scrutiny) Committee at 3, 6 and 8 months intervals to monitor financial performance.
- 3.3. The Money Matters reports update the Approved Budget to reflect latest projections and the 8 month Money Matters report will form the basis of the Revised Approved Budget for 2016/17 and will be approved by Council on 21 February 2017.

The Revenue Budget

- 3.4. A summary of the financial performance compared to both the Original Budget and the Approved Budget is shown below for the previous management structure. The budget audit trail and the detail related to these figures is shown at **APPENDIX A** together with the gross expenditure and gross income for each Service area.

Performance compared to the Original Budget

- 3.5 The Net Cost of Service projected variance compared to the Original Budget (after allowing for updated insurance allocations) is shown in the graph below:

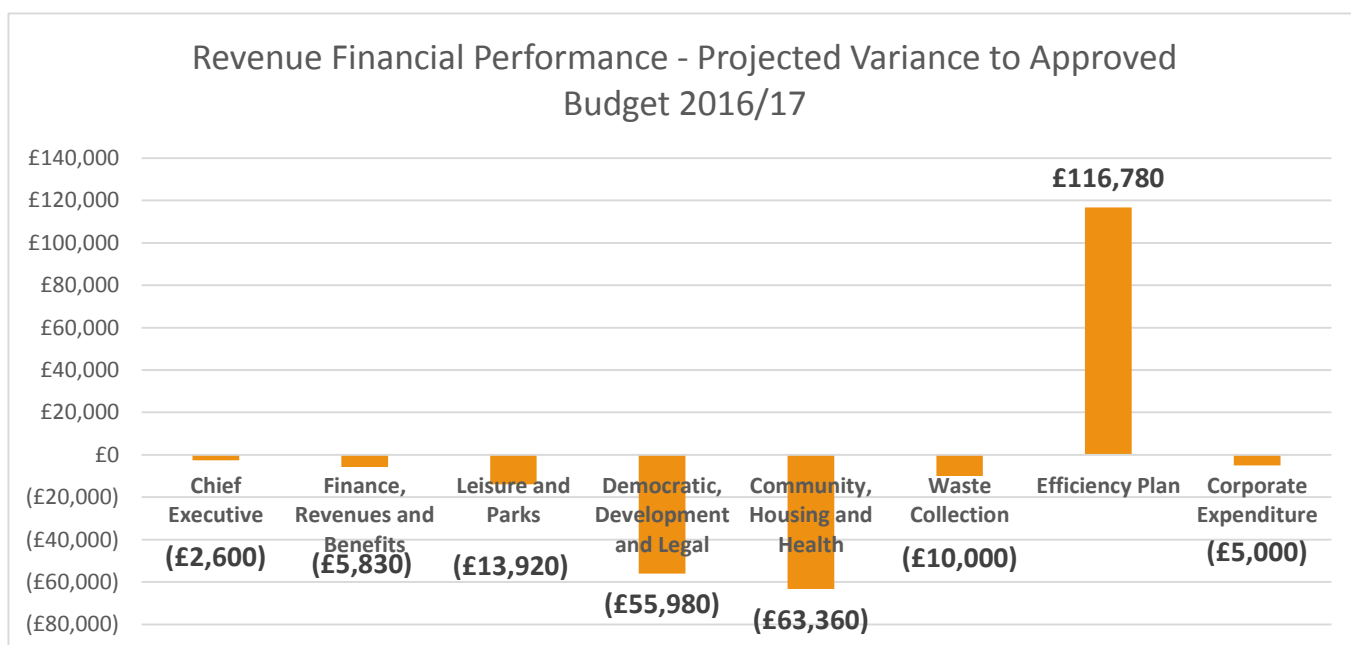


3.6 There are five areas where there is projected to be a variance of more than **£50,000** compared to the Original Budget:

- **Finance, Revenues and Benefits (£63,540)** – the majority of this projected underspend relates to the transfer of the former Director of Finance, Revenues and Benefits remaining budgets of **(£56,500)** to the restructuring account under the Chief Executive.
- **Leisure and Parks £69,150** - the approval by Cabinet of **£100,000** for professional advisors for the Leisure Review have increased the Approved Budget in this area has been partly offset through savings identified of **(£30,850)**.
- **Democratic, Development and Legal Services (£175,590)** - the approval by Cabinet of a car parking strategy has increased income in this area by **(£114,870)** and savings and additional income identified of **(£60,720)**.
- **Community, Housing and Health (£61,950)** - savings and additional income identified of **(£61,950)**
- **Efficiency Plan £350,000** - the details of the savings made in relation to the efficiency plan are explained below.

Performance compared to the Approved Budget

3.7 The Net Cost of Service projected variance compared to the Approved Budget is shown in the graph below:



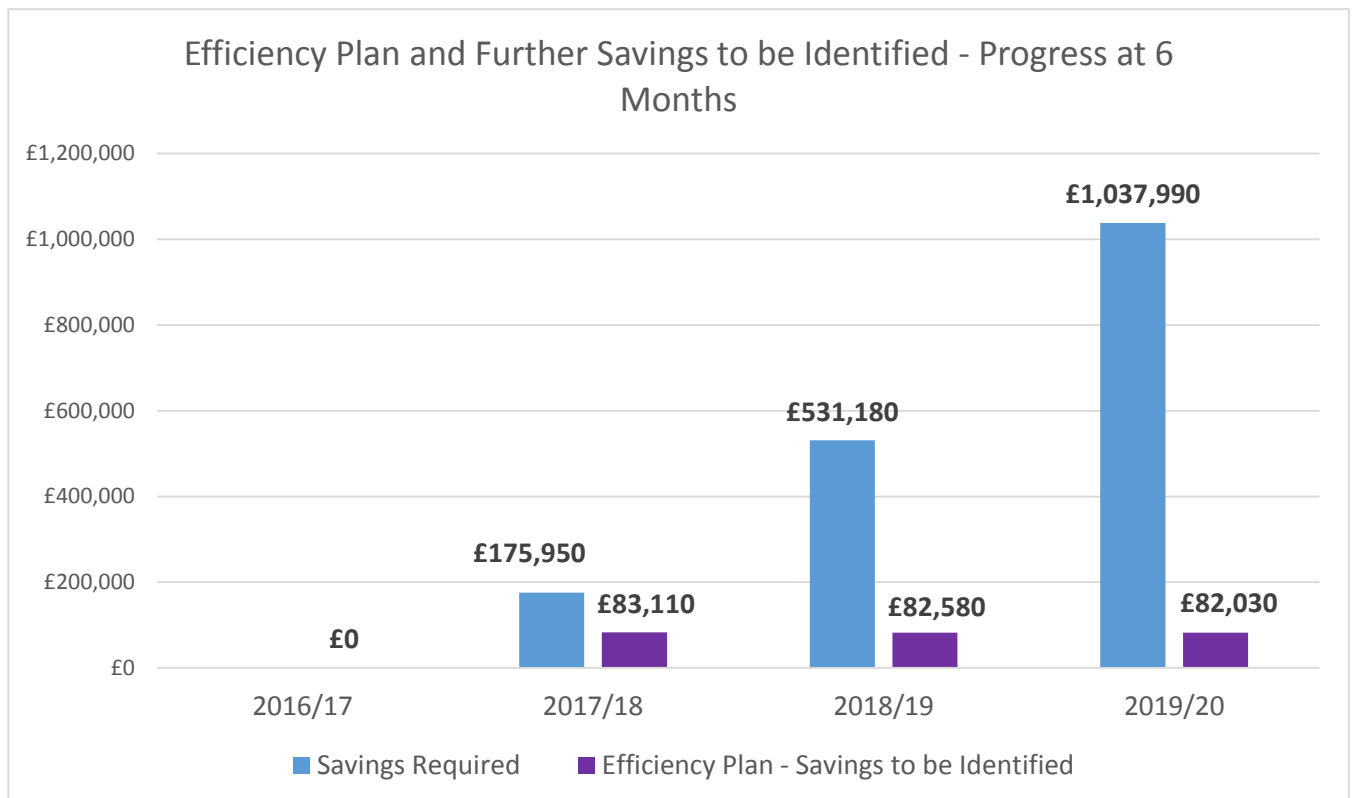
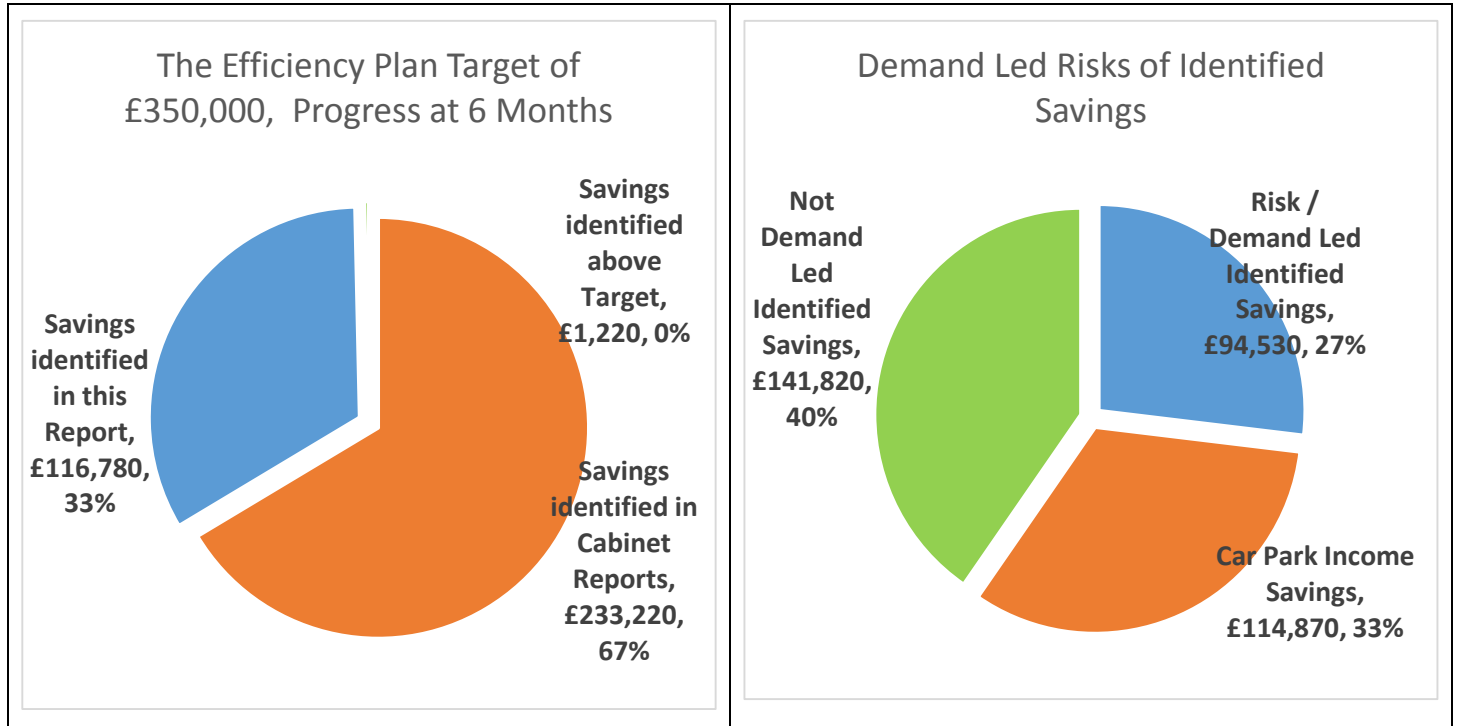
3.8 In terms of financial performance, compared to the Approved Budget, the key points to note are the Net Operating Cost (shown in the graph above) is projected to be below budget by **(£39,910)**, funding is projected to be below budget by **£46,640** and therefore the level of General reserves will reduce by a further **£6,730**.

3.9 Analysis work has been undertaken to understand the reasons for this above budget performance of **£6,730** and the details are shown in **APPENDIX B**. The budget variance falls into three categories :

- **One-off net savings** (additional expenditure offset by additional income) of **(£38,690)**. The most significant items are an Earmarked Reserve no longer required (£11,670), Trunk Road sweeping not required (£25,000) less fees for Chasewater relating to prior years where the funds were transferred to General Reserves in 2015/16 £28,600.
- **Over achievement of the Efficiency Plan Target of (£1,220)** resulting from (£118,000) of ongoing savings / additional income compared to the Approved Budget of £116,780. The over achieved sum of (£1,220) will be contributed to General reserves.
- **One-off funding changes of £46,640** related to additional Business Rate net levy less income related to the Business Rates cap not included in the MTFS due to uncertainty over the funding.

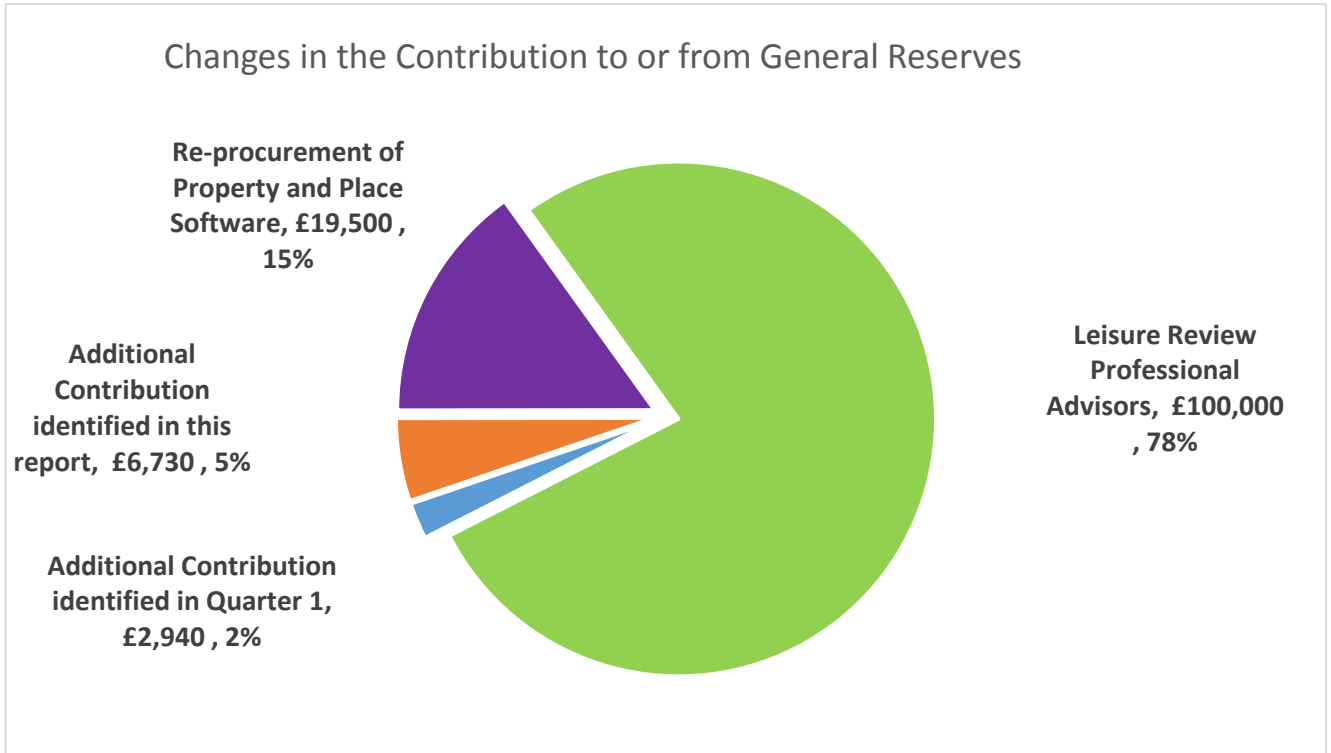
3.10 Ongoing savings/additional income have been identified during 2016/17 to achieve the Efficiency Plan target. The three graphs below show:

- The progress to date on the Efficiency Plan target of **(£350,000)** in 2016/17.
- The reasons for ongoing savings/additional income categorised into demand led including those in housing services, additional income from the car parking review and those identified from budget reviews. The risks related to demand led budget savings will now being managed centrally rather than within individual service area budgets.
- The progress to date on the Efficiency Plan target of **(£500,000)** in later years together with further savings to be identified over the period of the MTFS.

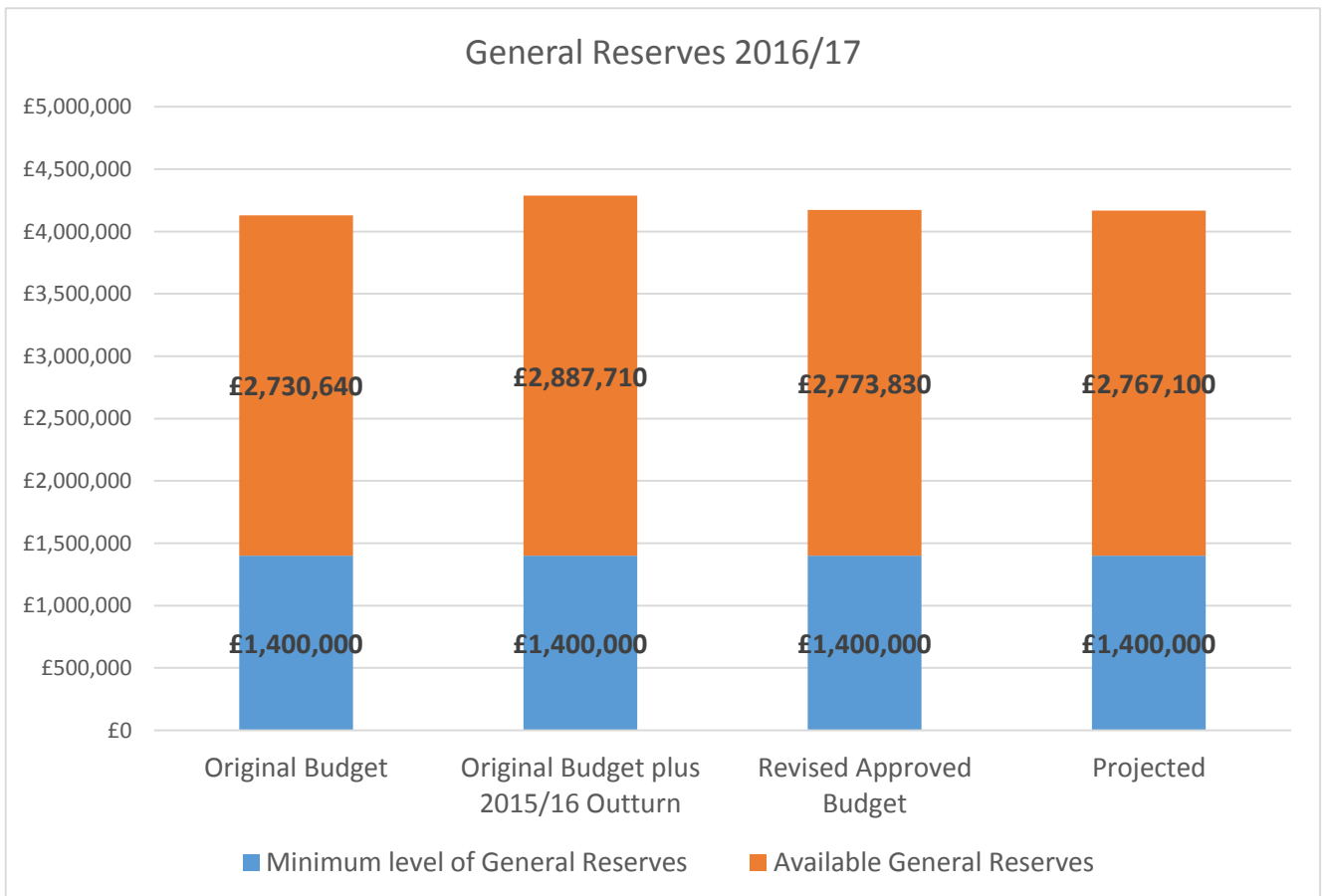


Revenue General Reserves

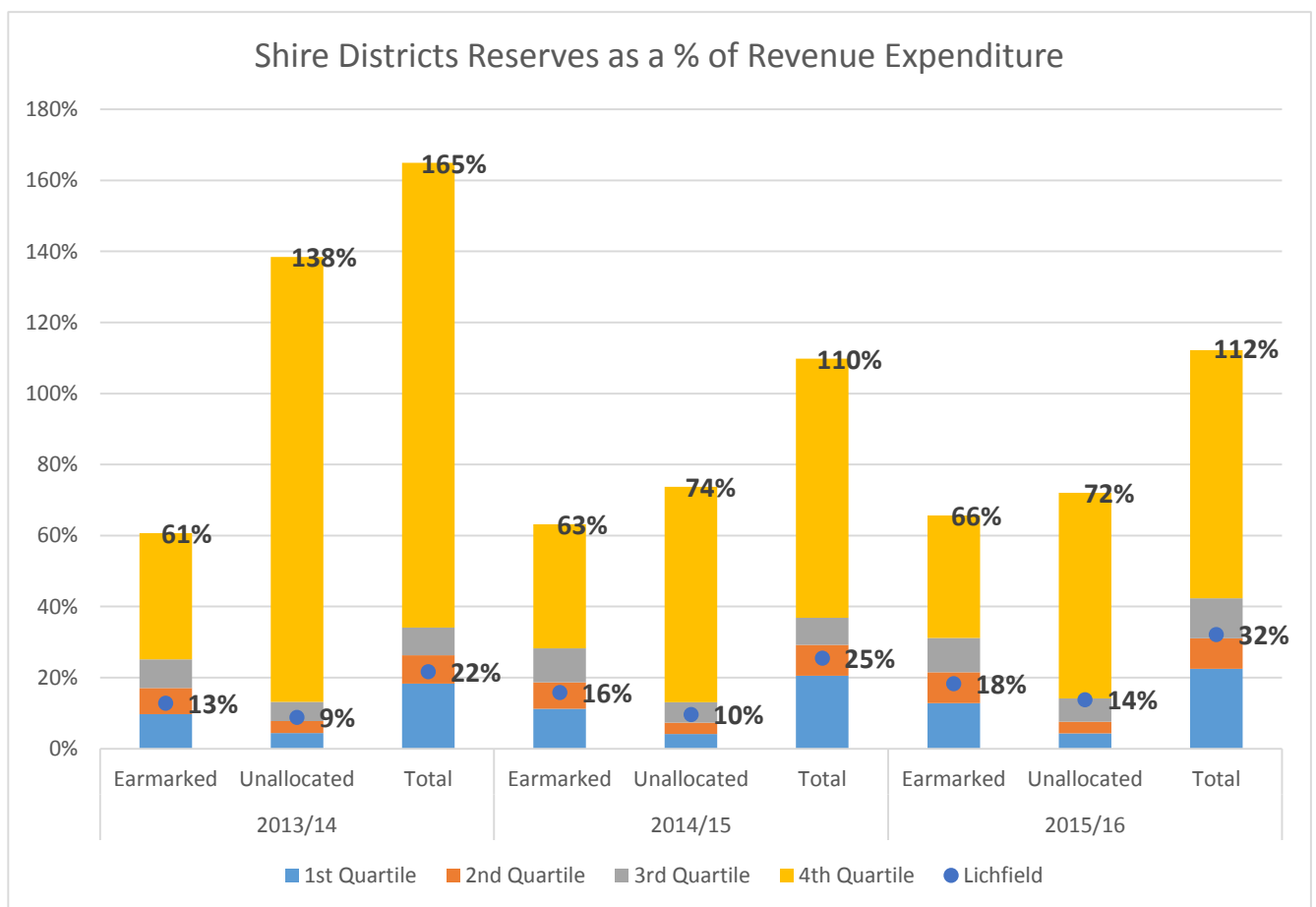
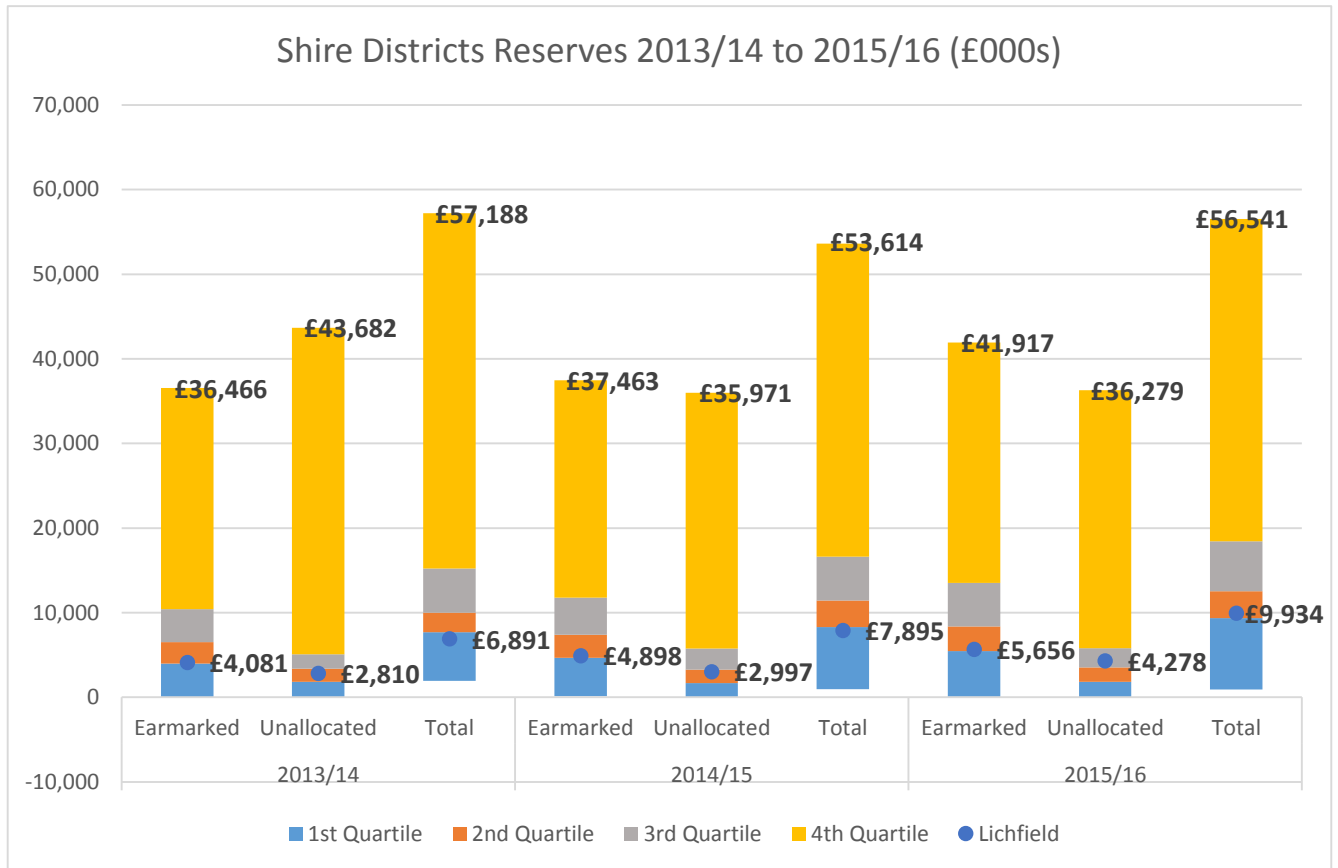
3.11 The reasons for the change of (£129,170) from a contribution to general reserves of £8,560 to a contribution from general reserves of (£120,610) is shown in the graph below:



3.12 The following Revenue general reserves are available to assist the Council in meeting General Fund expenditure as part of the Medium Term Financial Strategy:

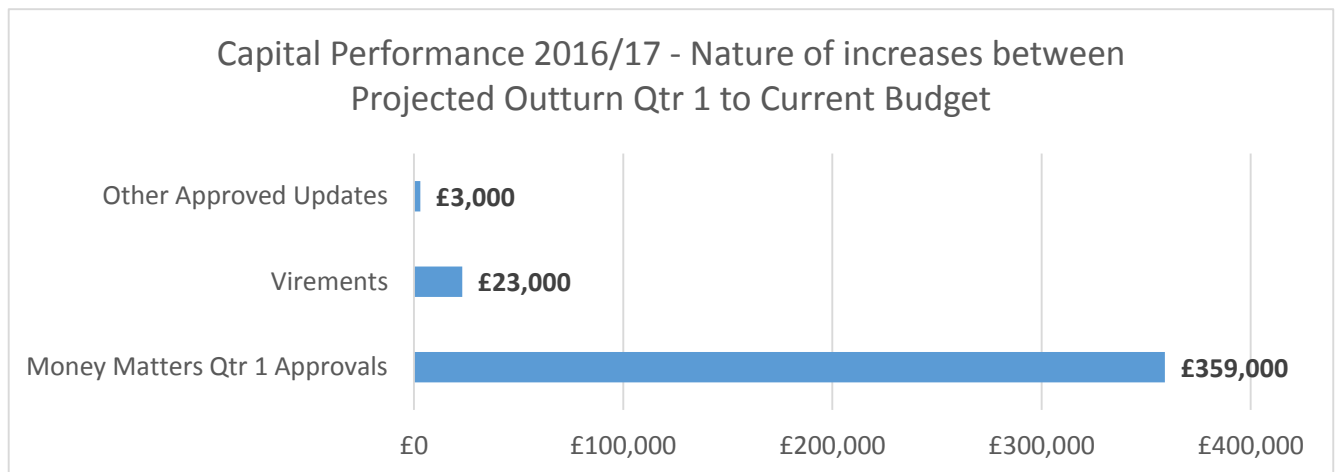


3.13 The level of General (unallocated) and Earmarked Reserves in relative terms and as a percentage of Revenue Expenditure (as defined in the Revenue Outturn Form) compared to all District Councils is shown for the last three years in the graphs below:

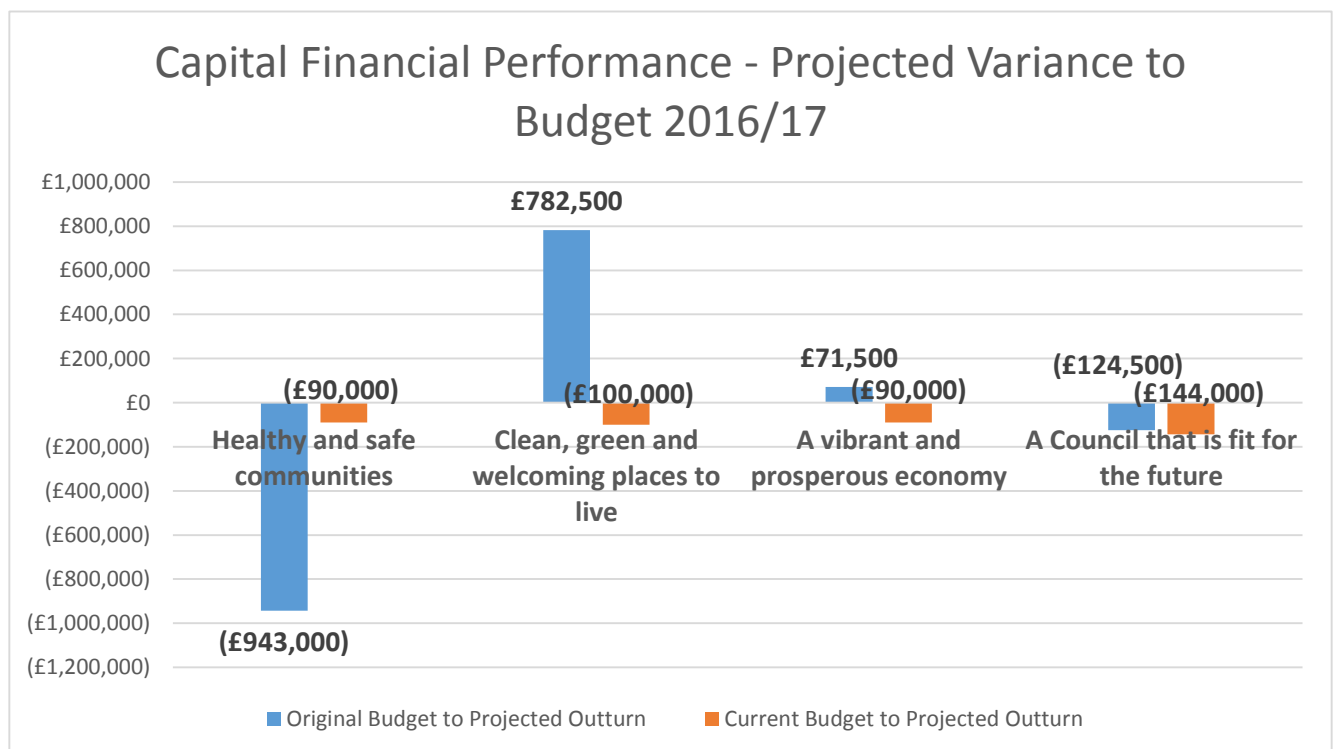


The Capital Programme

3.14 A summary of the budgetary changes from the projected outturn from Money Matters Quarter 1 of **£7,330,500** to the Current Budget of **£7,715,500** undertaken throughout the financial year totalling **£385,500** is shown in the graph below:



3.15 We are projecting that the Capital Programme performance will be below budget by **(£424,000)** or **5%** compared to the Current Budget. This below budget performance compared to both the Original and the Current Budgets is shown by the new Strategic Plan's priorities in the graph below and in detail at **APPENDIX C:**



Performance compared to the Original Budget

3.16. The significant changes in two strategic priorities reflect the following changes:

- **Healthy and Safe Communities (£943,000)** - the inclusion of slippage in capital expenditure from 2015/16 of **£82,000**, Affordable Housing projects rephased to later years of **(£1,154,000)**, Hawksyard Community Building **£154,000**, Synthetic Pitch replacement **£205,000** and other projects rephased to later years **(£230,000)**.
- **Clean, Green and Welcoming Places to Live £782,500** - the inclusion of slippage in capital expenditure from 2015/16 of **£927,500** and other projects rephased to later years **(£145,000)**.

Performance compared to the Approved Budget

- 3.17. The reason for the projected budget variance on each of the strategic priorities is shown below:
- **Healthy and Safe Communities (£90,000)** – the planned capital investment of **(£90,000)** for the Community Transport vehicles is no longer required following the review.
 - **Clean, Green and Welcoming Places to Live (£100,000)** –the planned investment of **(£100,000)** for the canal culvert project is likely to be spent in a later financial year.
 - **A Vibrant and Prosperous Economy (£90,000)** – the planned investment for the Garrick Square **(£58,000)** and variable messaging signage of **(£32,000)** are likely to be spent in a later financial year.
 - **A Council that is Fit for the Future (£144,000)** - this reflects the latest project plans for capital works to the District Council House and mean **(£144,000)** will be spent in a later financial year.

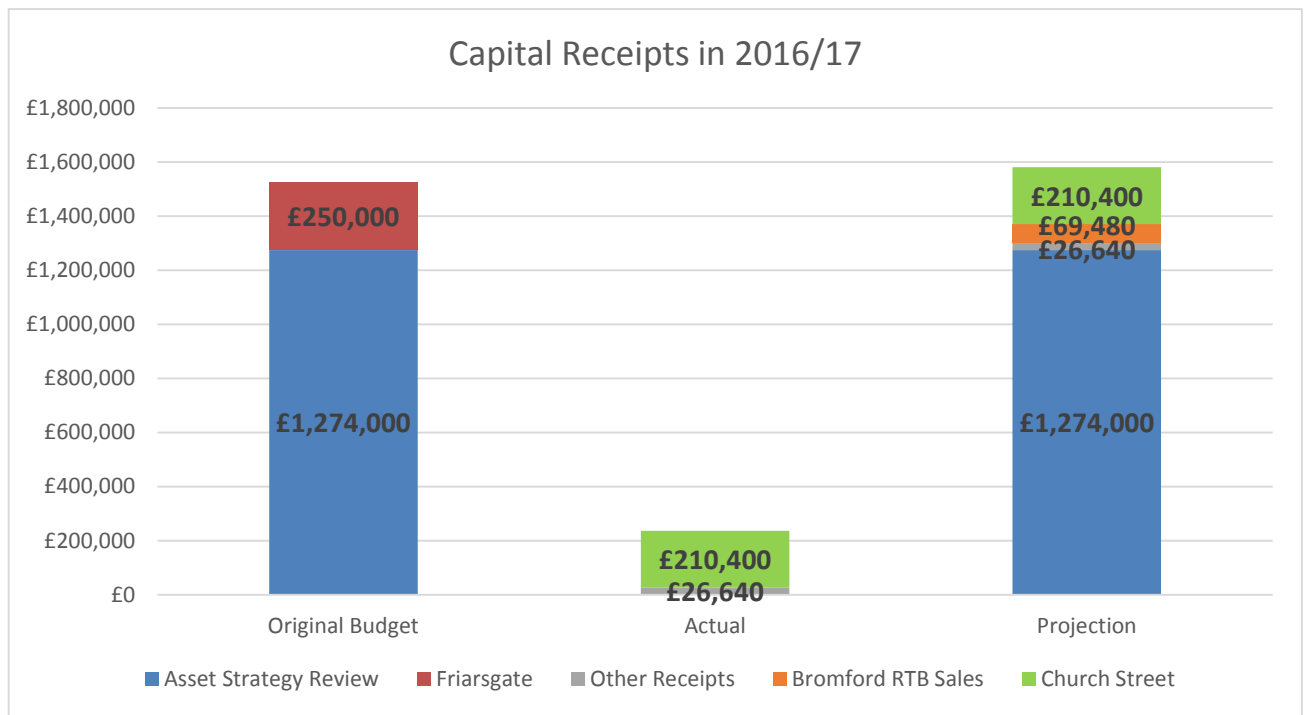
Better Care Fund (BCF)

- 3.18. For 2016/17, the council's approved Capital Programme includes a Disabled Facilities Grant budget of **£850,000** assuming a Better Care Fund (BCF) allocation of **£421,000** at the same level received in 2015/16. In April 2016, we were advised that the BCF allocation to be passported to us by Staffordshire County Council would be **£761,000**.
- 3.19. In the spring, the County Council was in correspondence with all District and Borough Councils setting out its intention to top slice the amount to be passported through; for LDC this would equate to a top slice of **£201,000** which the County Council would use to support other health and social care commitments. Given the increasing demand for DFGs (which is higher in Lichfield than anywhere else in the County) this proposal has been rejected by Staffordshire Chief Executives and further discussions with the County Council have been taking place.
- 3.20. One aspect of these discussions concerns the contract (held by the County Council on behalf of a Partnership comprised of the eight District and Borough Councils and SCC) with the Home Improvement Agency Revival which has an option to extend for one year from April 2017. The majority of Districts and Boroughs have been in favour of such an extension but the County Council can no longer fund its contribution. Consequently, it has been agreed that part of the BCF allocation (**(£33,000)** for Lichfield District Council) would be used to make up the deficit in 2017/18 and continue the contract until 31st March 2017. Further correspondence has been received from the County Council regarding the top slice for 2016/17 including a proposed reduction from £201,000 to £79,000. However, several issues remain outstanding, the position is still to be resolved and further discussions are taking place.
- 3.21. In normal circumstances, Cabinet receives a report to approve acceptance of BCF income towards the local Disabled Facilities Grant programme. However, given the issues outstanding and the passage of time, it is proposed that authority be delegated to relevant Cabinet Members and the Director to accept the BCF income once agreement has been reached with the County Council.

Capital Receipts

- 3.22. There have been **(£237,040)** of actual capital receipts received during the first six months of 2016/17 compared to the Original and Approved Budgets of **(£1,524,000)**.
- 3.23. We are projecting capital receipts of **(£1,581,000)** related to:
- A land sale at Church Street for **(£210,000)**.
 - The Council's share of Right to Buy sales of **(£70,000)**.
 - Other small sales in excess of the Capital Receipts threshold of £10,000 of **(£27,000)**.
 - The sale of the Bore Street Shops **(£1,274,000)** where there remains some market interest.

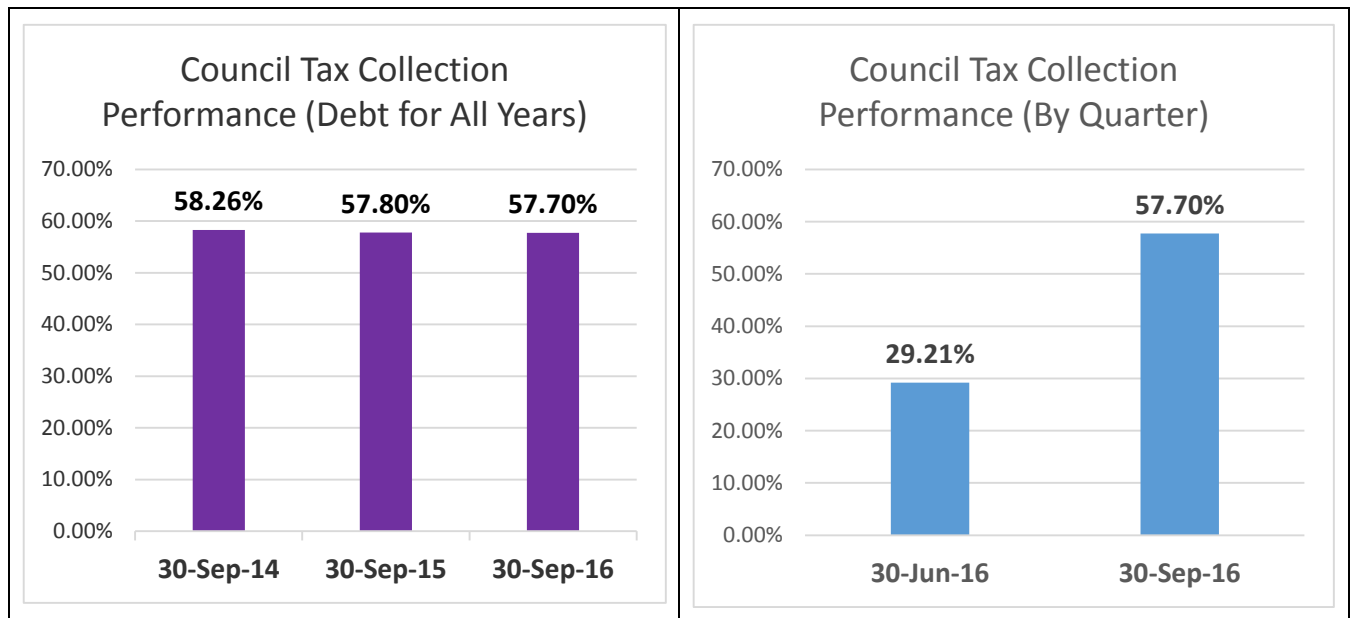
3.24. The Approved Budget, actual capital receipts received in the first six months and the projected capital receipts are shown in the graph below:



Council Tax

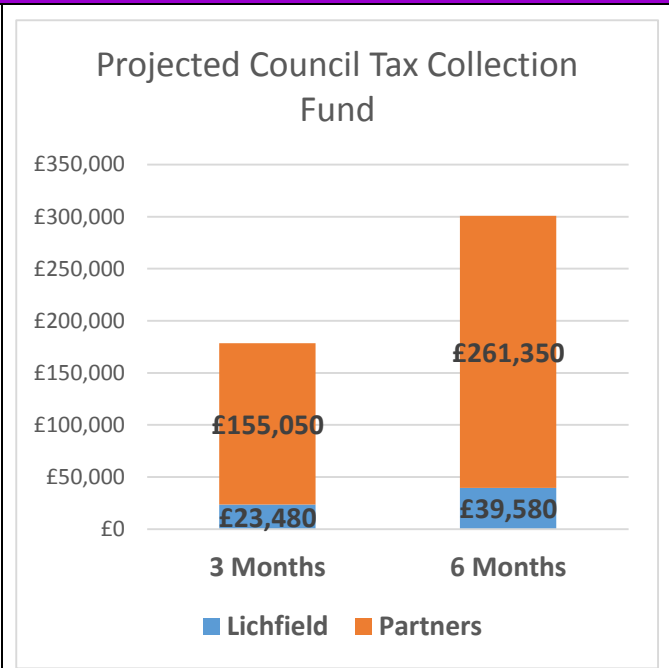
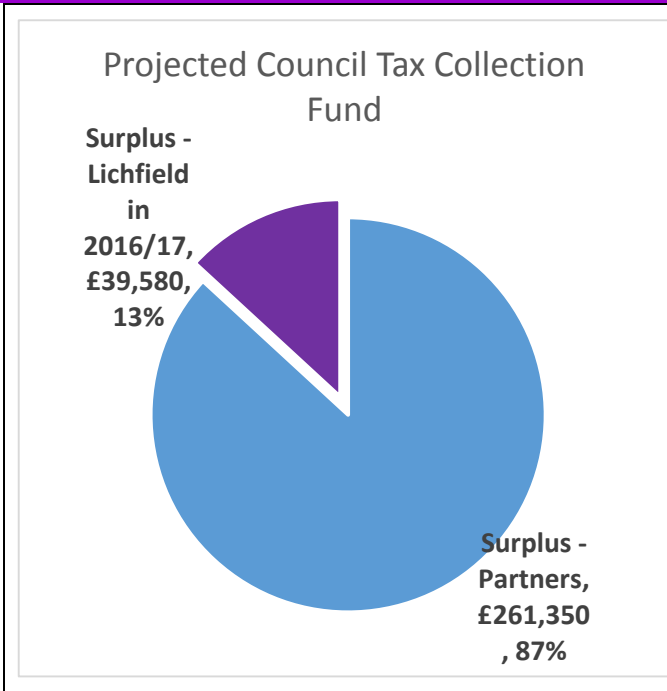
3.25. The Council is responsible for the collection of Council Tax for all precepting authorities in 2016/17 totalling **£56m**.

3.26. The collection performance for Council Tax for the first six months of the last three financial years is shown in the graphs below:

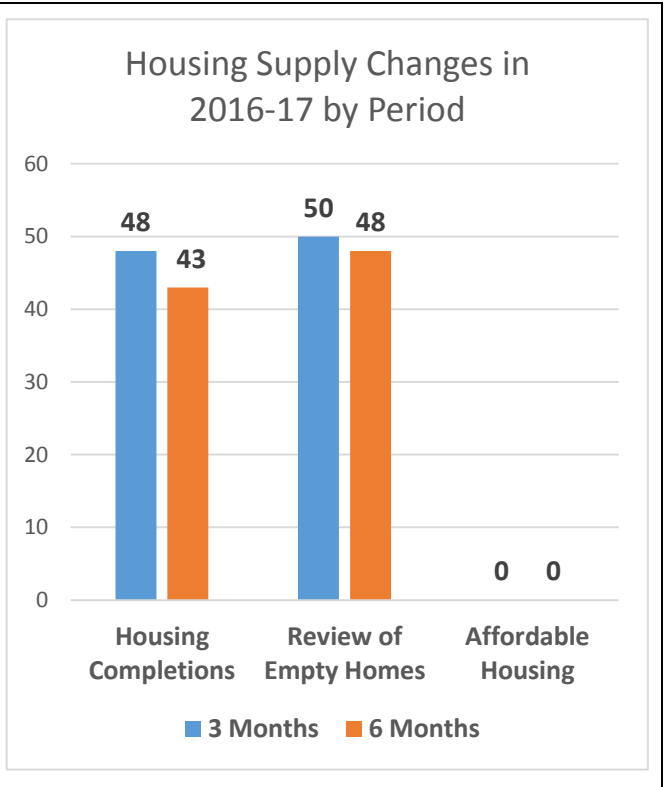
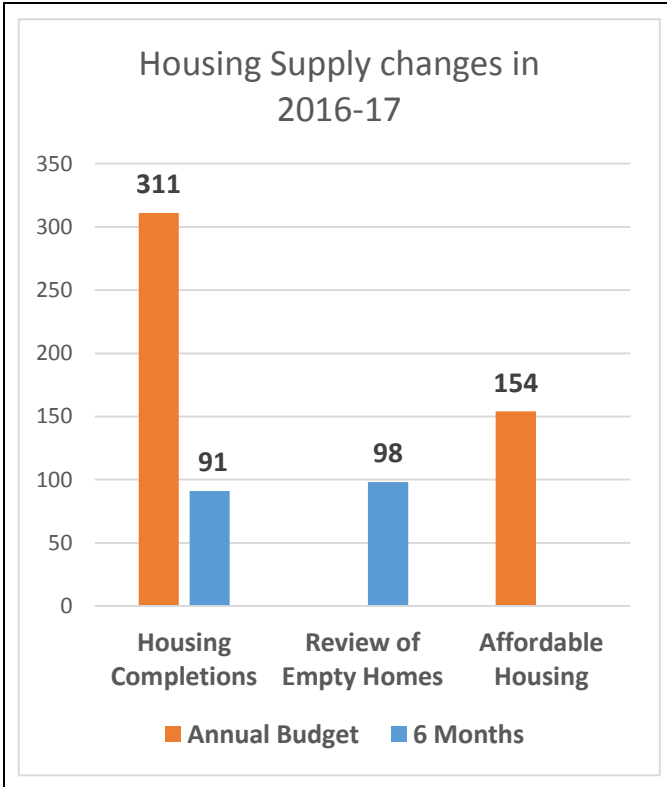


3.27. The collection performance has remained consistent with the same period in previous financial years.

3.28. A summary of the Projected Council Tax Collection Fund performance (The Budget assumed a breakeven position) is shown in the graphs below with detail shown at **APPENDIX D** and is based on Lichfield’s (including Parishes) current share of Council Tax of **13%**:

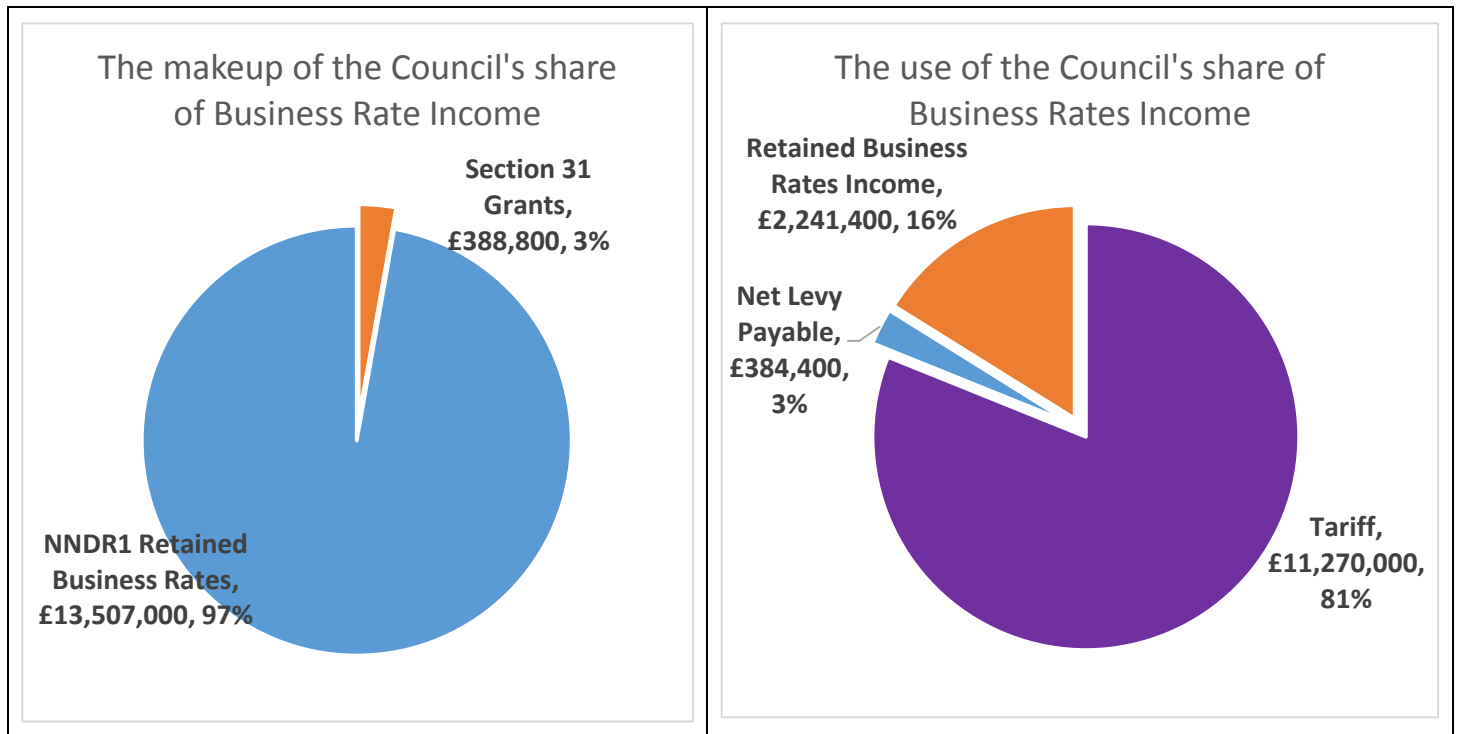
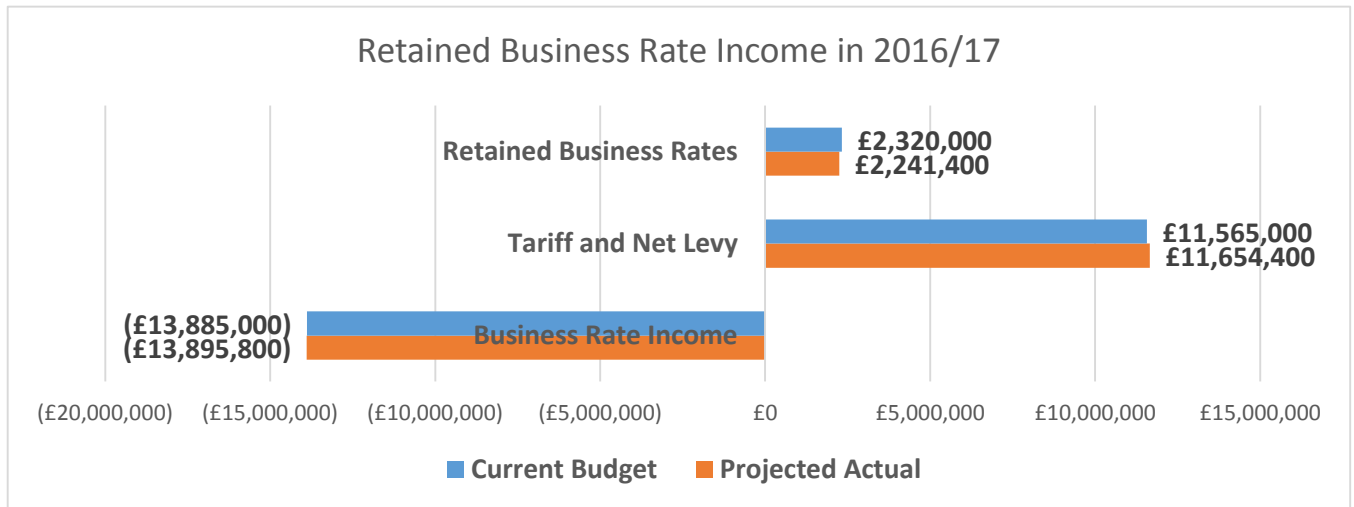


- 3.29. The projected surplus in 2016/17 includes the actual surplus in 2015/16 together with performance related to 2016/17. The Council's share of the projected surplus of (£39,580) will be included in the 2017/18 Budget.
- 3.30. Housing supply is one of the key assumptions in the Medium Term Financial Strategy because it impacts on the income we receive from Council Tax and New Homes Bonus. The progress to date using information on housing completions and the review of empty homes from Council Tax is shown in the two graphs below:



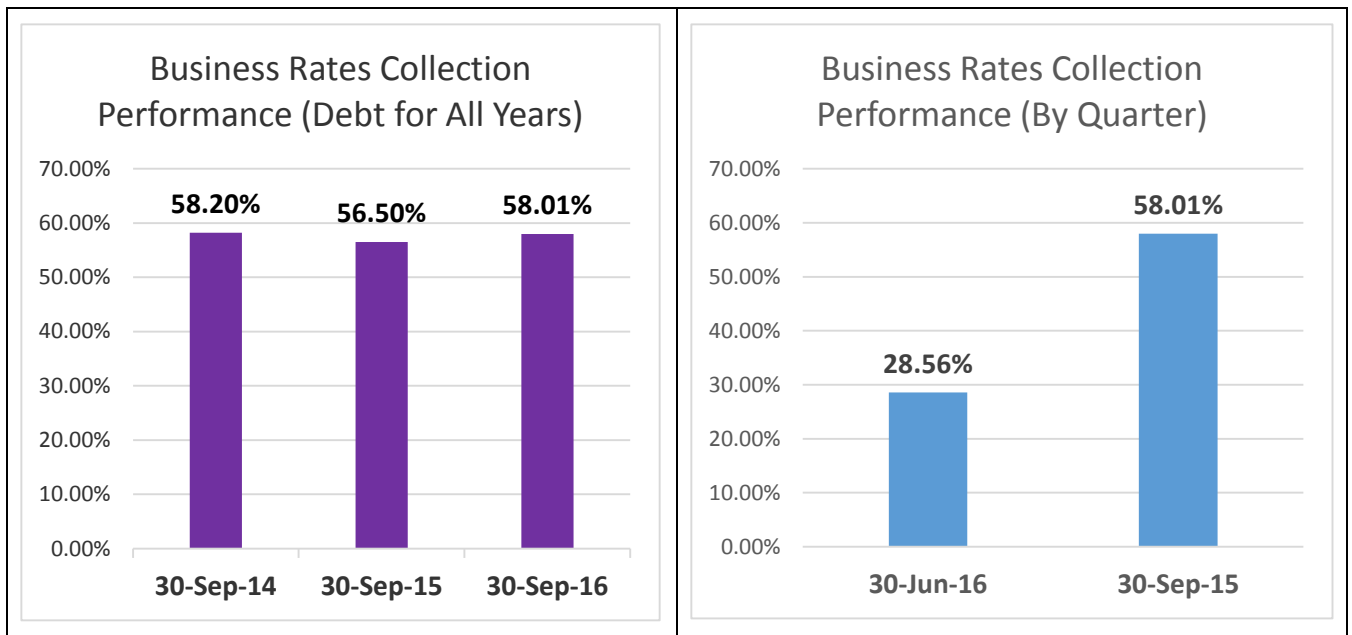
Business Rates

- 3.31. The Council will collect Business Rates for all partners in 2016/17 totalling **£35m**.
- 3.32. The Council receives a **40%** share of Business Rates income. The Council's share included in its budget is based on the NNDR 1 estimated level together with Section 31 grants for certain reliefs granted. The Council must then pay the Government set tariff and any net levy based on growth above the Government set baseline (or receive safety net in the event of business rates have reduced more than a set percentage below the baseline).
- 3.33. The Retained Business Rate income for 2016/17 is projected to be **(£2,241,400)** compared to the Approved Budget of **(£2,320,000)**. This is because the Council's in year share of Business Rates in the Collection Fund is higher than budgeted (see below for further details) and this will mean additional net levy payments projected at this stage to be **£79,000**.
- 3.34. The detail of the Council's actual and budgeted share of Business Rates income, the tariff and net levy and retained Business Rates in 2016/17 is shown in detail at **APPENDIX D** and in the graphs below:



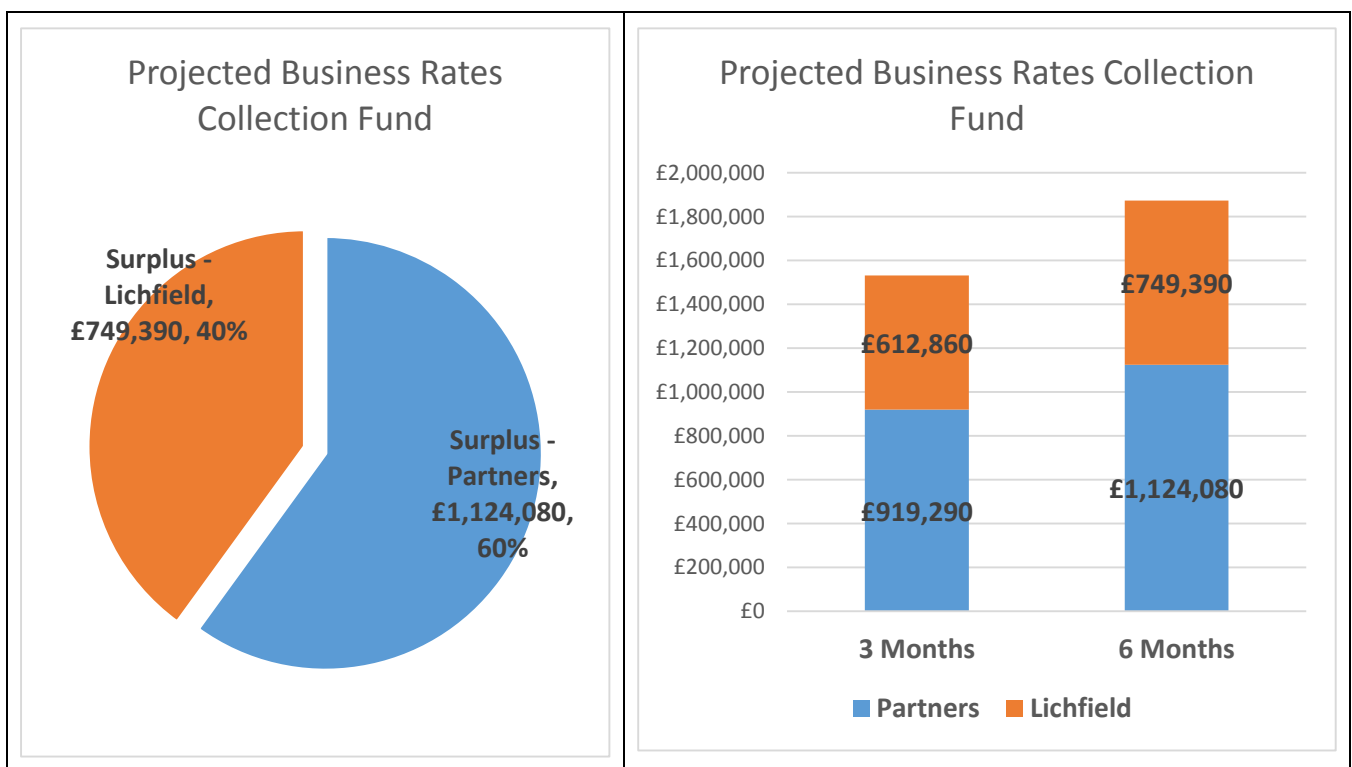
- 3.35 The additional net levy is partly offset by the receipt of **(£32,360)** of grant income from the Government in relation to income foregone as a result of the caps in Business Rates income implemented by the Government in previous financial years.

3.36 The collection performance for Business Rates for the first six months of the last three financial years is shown in the graph below:



3.37 The collection performance has remained consistent with the same period in previous financial years.

3.38 A summary of the projected Business Rates Collection Fund performance is shown in the graphs below (the budget assumed a breakeven position) with detail shown at **APPENDIX D** and is based Lichfield's prescribed share of **40%**:

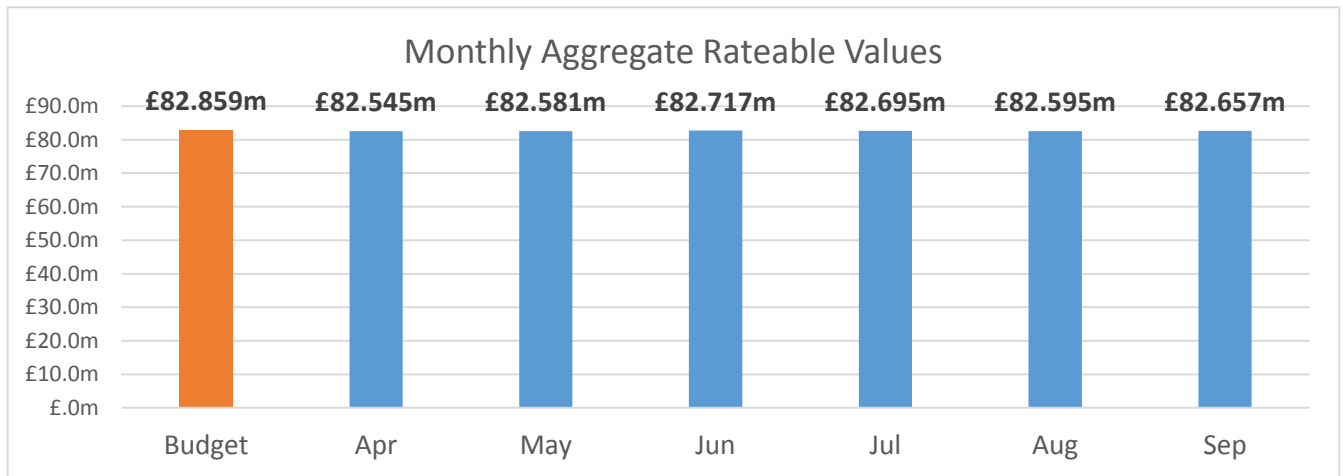


3.39 The main reasons for the surplus of (£1,873,470) are:

- There was a lower than projected deficit in 2015/16 of (£1,245,000).
- The projected net yield from Business Rates in 2016/17 is projected to be (£628,470) higher than estimated. This is due additional business rates collected and a projected reduction in empty properties relief to partly reflect the 2015/16 financial year's level of awards.

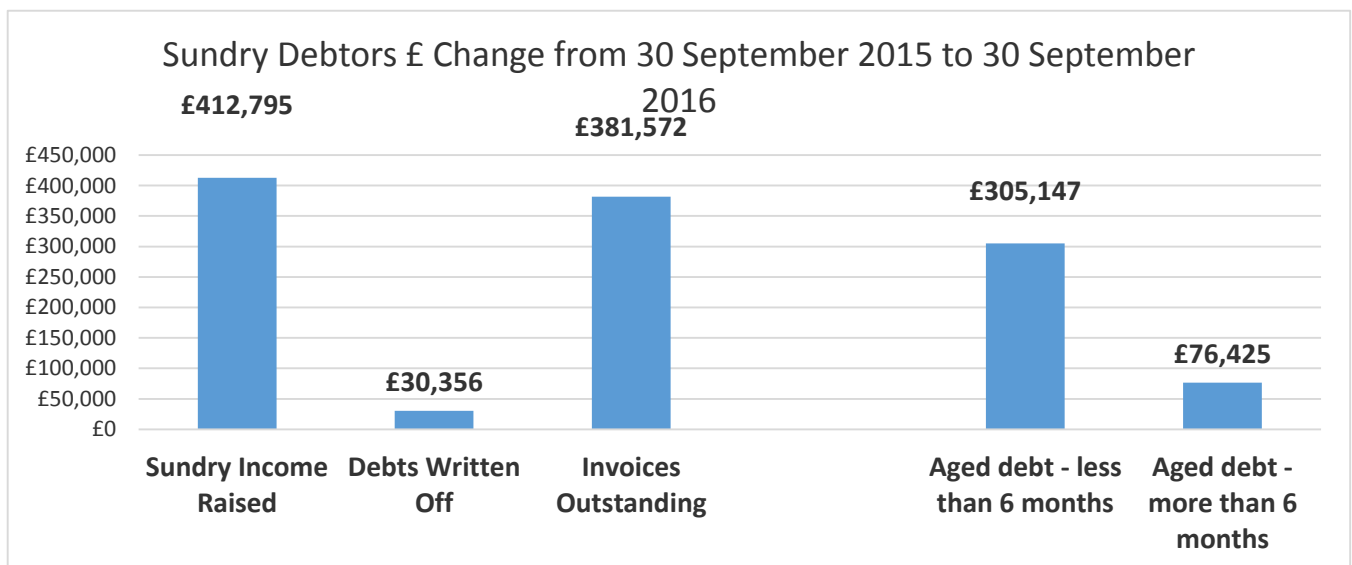
3.40 Therefore the Council's share of the projected surplus in 2016/17 is (**£749,390**) and this will be included in the 2017/18 Budget.

3.41 Another key assumption in the Medium Term Financial Strategy is the level of growth or decline in Business Rates. The Original Budget assumed the only reduction in Rateable Value during 2016/17 would be in relation to properties impacted by the Friarsgate development. The level of Rateable Value in the first three months compared to the Approved Budget is shown in the graph below:



Sundry Debtors

3.42 A summary of key transactions levels and collection performance for Sundry Debtors in 2016/17 compared to 2015/16 is shown in the graph below:



3.43 The collection performance is shown in detail at **APPENDIX D** and is summarised below:

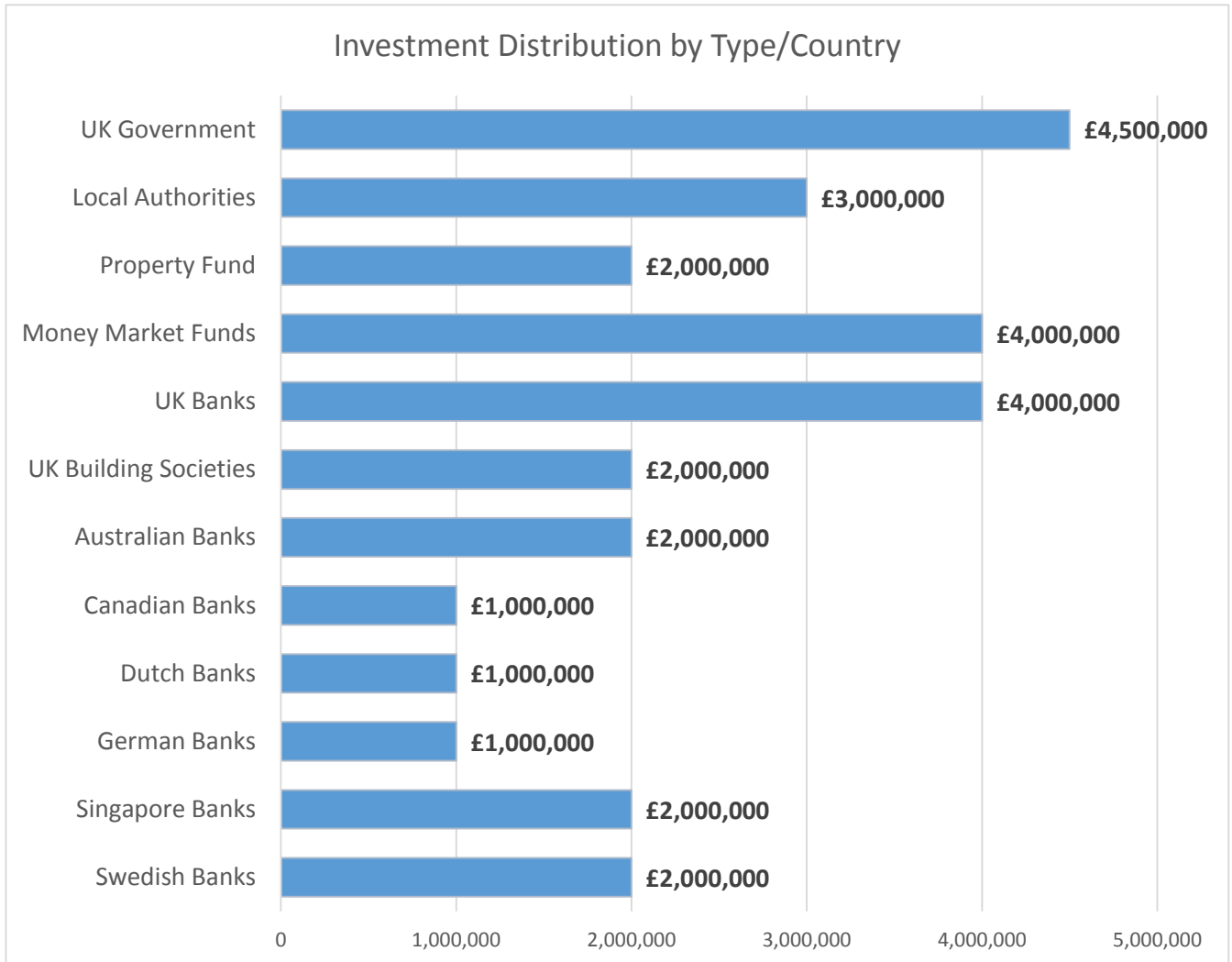
- The value of income raised has increased by **£412,795** or 31.64% due to £200,000 in section 106 invoices, £56,000 for the adoption of public open spaces and a £57,000 Police community funding invoice.
- The value of write offs has increased by **£30,356** or 100% due to several write offs of Housing Benefit Overpayments including £20,000 for a deceased debtor.
- Overall invoices outstanding have increased by **£381,572** or 24.51%.
- The increase in those outstanding for less than 6 months by **£305,147** or 32.10% is predominantly due to the section 106 invoices issued in the quarter.
- The increase in those outstanding for more than six months by **£76,425** or 12.61% is due to a Section 106 invoice for £123,000 with an outstanding legal issue to be resolved. Payment is being held by our solicitors until resolution.

Treasury Management

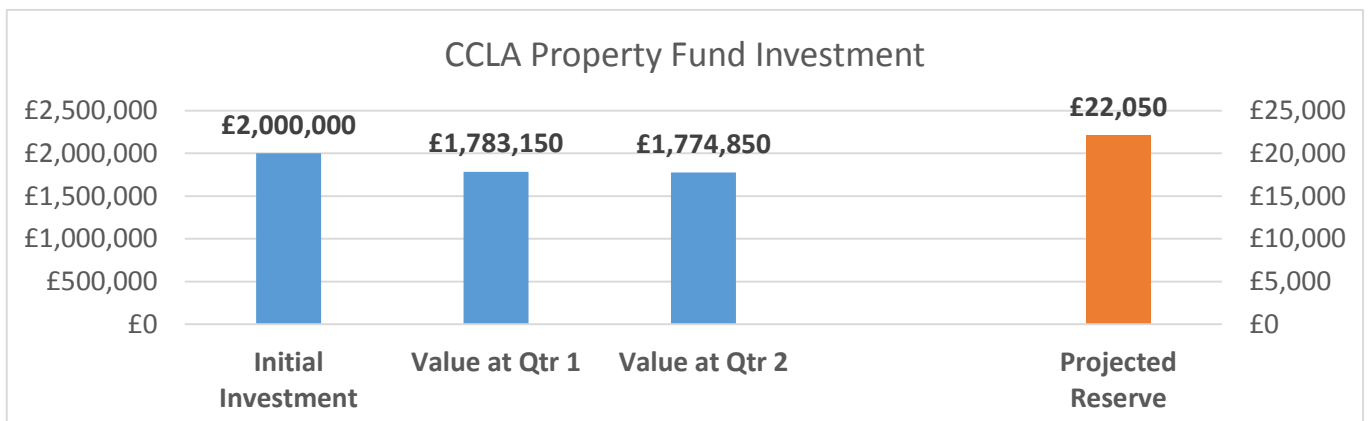
3.38. The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

The Security of Our Investments

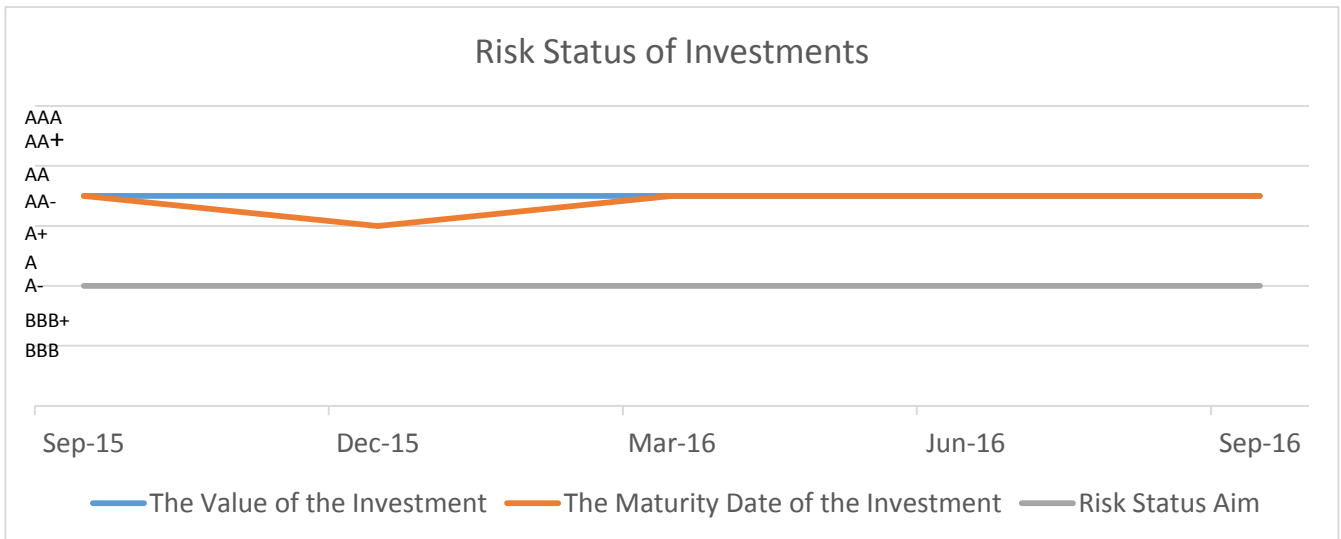
3.39. The investments the Council had at the 30 September 2016 of **£28,500,000** by type and Country are summarised in the graph below and in more detail at **APPENDIX E**:



3.40. The current value of the Property Fund investment together with the value of the projected earmarked reserve at the end of 2016/17 intended to offset reductions in value is shown in the graph below:

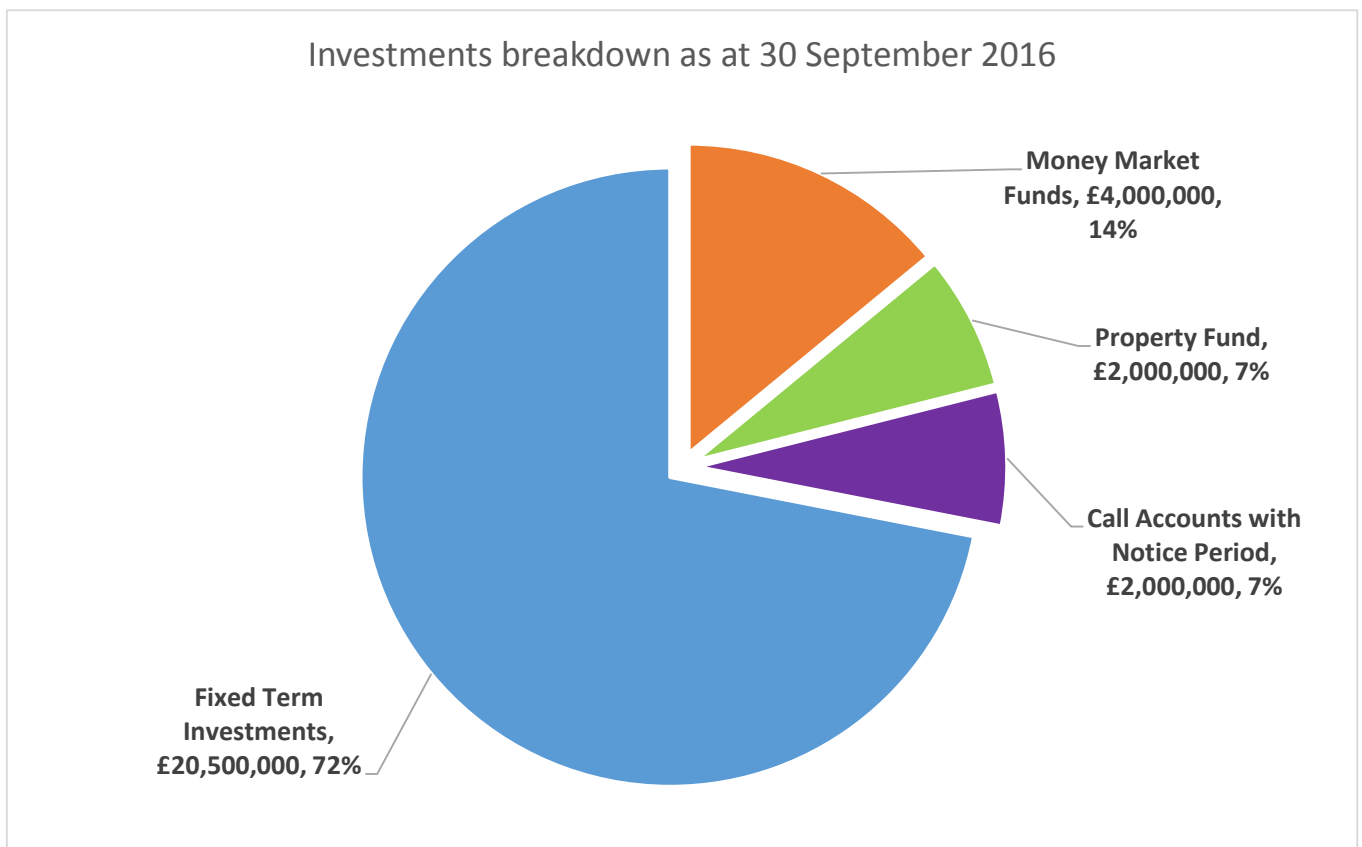


3.41. Our aim for the risk status of our investments was **A-**. The risk status based on the length of the investment and the value for a twelve month period is summarised in the graph below:



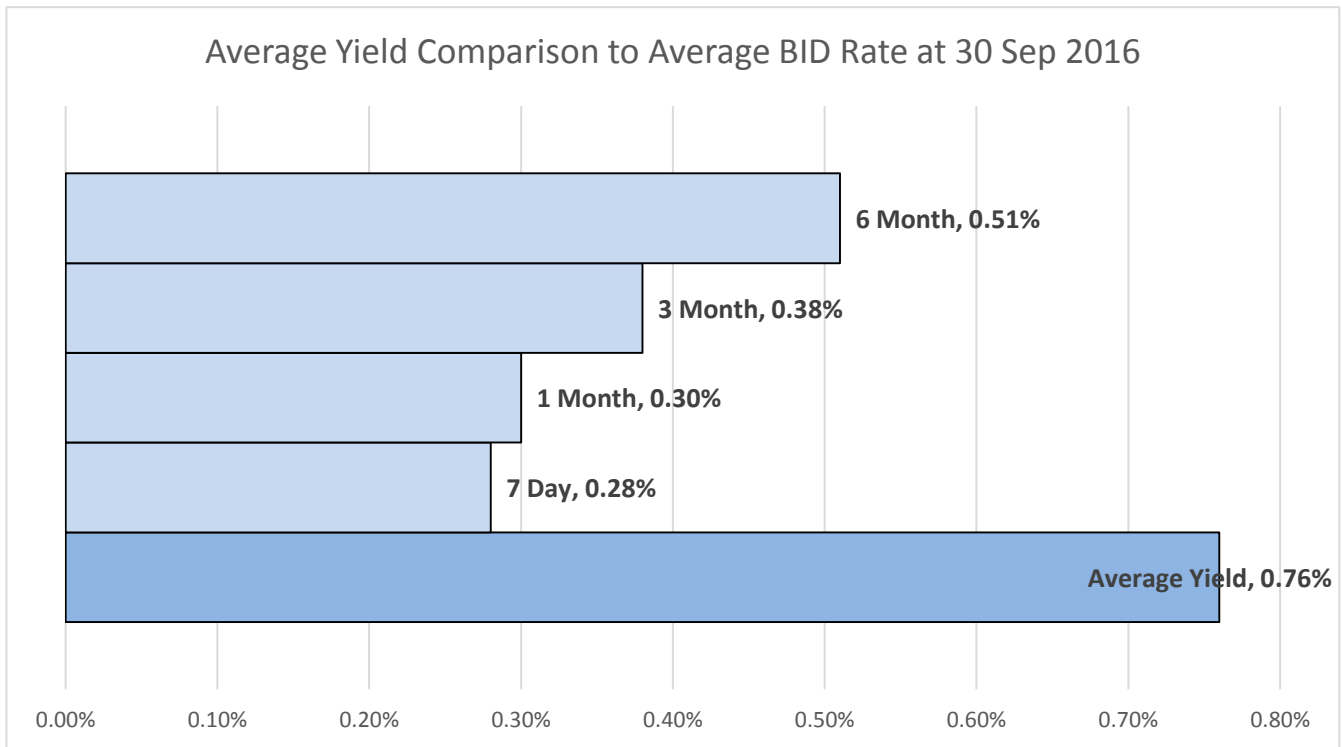
The Liquidity of our Investments

3.42. The Council has not had to temporarily borrow during 2016/17 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type is shown in the graph below:



The Return or Yield of our Investments

3.43. The yield the Council achieved for the first six months (the recent 0.25% reduction in interest rates will reduce the annual projected return) compared to a number of industry standard benchmarks (including our preferred benchmark of the 7 day LIBID rate) is shown in the graph below:



3.44. The investment activity during the financial year is projected to generate **(£181,960)** of net investment income compared to a budget of **(£176,860)** and overall the Net Treasury position is projected to exceed the budget by **(£5,100)**.

Alternative Options	There are no alternative options.
Consultation	Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.
Financial Implications	At this six months stage in the year, for the period up to September 2016, we forecast a contribution <u>from</u> general reserves of (£120,610) will be made, against a budgeted contribution of £8,560 <u>to</u> general reserves. Further detailed analysis on the Financial Performance up to September 2016 is shown in the attached Appendices.
Contribution to the Delivery of the Strategic Plan	The MTFs underpins the delivery of the Strategic Plan 2016-20.
Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
Crime & Safety Issues	There are no additional Crime and Safety Issues.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Management of the Council's Revenue and Capital budget is critical to the successful delivery of key Council's priorities, and control measures need to be in place to manage the re-scheduling or re-profiling of projects and to respond to the changing financial climate including the impact of the EU Referendum	Close monitoring of expenditure. Maximising the potential of efficiency gains. Early identification of any unexpected impact on costs, for example, central Government policy, movement in the markets, and changes in the economic climate. Prioritisation of capital expenditure. Project management of projects.	Red - Severe
B	Counterparty default	A new Annual Investment Strategy was approved by Cabinet on 7 April 2015. This new Strategy utilises more counterparties and financial instruments to diversify the portfolio and reduce this risk.	Yellow - Material
C	Actual cash flows are different to those that are planned	The Council maintains a comprehensive cash flow model that is updated on a daily basis to reflect actual and planned cash flows. An element of the Council's investment portfolio will be invested in instant access accounts.	Yellow - Material
D	Planned capital receipts are not received	The Council plans to dispose of a number of assets to fund capital investment including Industrial Units and Shops. Two of these sales have been completed and the remaining one is being monitored closely to ensure any subsequent financial implications are included in the MTFS.	Red - Severe
E	New Government policies including the level of cuts to Communities and Local Government	To ensure any new policies such as those related to Business Rates and New Homes Bonus are evaluated and the impact is incorporated into the MTFS.	Red - Severe

Background Documents	<ul style="list-style-type: none"> • CIPFA Code of Practice for Treasury Management in the Public Services • The Prudential Code for Capital Finance in Local Authorities • Money Matters: Calculation Of Business Rates – National Non Domestic Rates 2016/17 and Council Tax Base 2016/17, together with Collection Fund Surplus / (Deficit) For 2015/16 – 12 January 2016. • Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2016-20 Cabinet - 9 February 2016. • Procurement of Contract Hire Vehicles – Cabinet 9 February 2016 • Review of the Civic Function – Cabinet 5 April 2016 • Re-procurement of property and place related software applications – Cabinet 5 April 2016 • Re-procurement of Desktop Operating Software Contract – Cabinet 5 April 2016 • Approval of Formal Car Parking Strategy – Cabinet 10 May 2016 • Proposed Revised Charges for Street Naming and Numbering – Cabinet 5 July 2016 • Broadband Connections – Cabinet 5 July 2016 • Money Matters : 2016/17 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2016
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Relevant web link	
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Transfers from General Reserves

Cabinet Date	Report Title	2016/17
05/04/2016	Re-procurement of property and place related software applications	19,500
05/07/2016	Fit for the Future Leisure Review Appointment of Professional Advisors	100,000
06/09/2016	Money Matters : 2016/17 Quarter 1 One-Off Costs	2,940
	General Reserve	£122,440

Cabinet Reports

Cabinet Date	Report Title	2016/17	2017/18	2018/19	2019/20
09/02/2016	Procurement of Contract Hire Vehicles	(17,870)	(17,870)	(17,870)	(17,870)
05/04/2016	Review of the Civic Function	(5,810)	(7,380)	(7,380)	(7,380)
05/04/2016	Re-procurement of property and place related software applications	4,930	3,930	3,400	2,850
05/04/2016	Re-procurement of Desktop Operating Software Contract	2,800	2,800	2,800	2,800
10/05/2016	Approval of Formal Car Parking Strategy	(114,870)	(172,300)	(172,300)	(172,300)
05/07/2016	Proposed Revised Charges for Street Naming and Numbering	(4,530)	(10,200)	(10,200)	(10,200)
05/07/2016	Broadband connections	7,490	7,490	7,490	7,490
06/09/2016	Money Matters : 2015/16 Review of Financial Performance against the Financial Strategy	(29,690)	(29,690)	(29,690)	(29,690)
06/09/2016	Money Matters : 2016/17 Quarter 1 Recurring Savings	(75,670)	(75,670)	(75,670)	(75,670)
	Efficiency Plan	(£233,220)	(£298,980)	(£299,420)	(£299,970)

Audit Trail - The Approved Revenue Budget

	Original Budget	Insurance Allocations	Updated Original Budget	Quarter 1 Projected Outturn	Management Restructure	Approved Budget
Chief Executive	824,080	(6,740)	817,340	788,790	56,500	845,290
Finance, Revenues and Benefits	2,358,020	(18,790)	2,339,230	2,338,020	(56,500)	2,281,520
Leisure and Parks	2,889,240	176,210	3,065,450	3,148,520	0	3,148,520
Democratic, Development and Legal	998,640	(69,200)	929,440	809,830	0	809,830
Community, Health and Housing	2,221,330	(16,860)	2,204,470	2,205,880	0	2,205,880
Waste	1,338,750	(64,620)	1,274,130	1,258,200	0	1,258,200
Efficiency Plan	(350,000)	0	(350,000)	(116,780)	0	(116,780)
Net Cost of Services	10,280,060	0	10,280,060	10,432,460	0	10,432,460
Net Treasury Position	(25,000)	0	(25,000)	(77,460)	0	(77,460)
Revenue Contributions to the Capital Programme	154,000	0	154,000	176,500	0	176,500
Net Operating Cost	10,409,060	0	10,409,060	10,531,500	0	10,531,500
Less : Transfer (from) / to General Reserve	8,560	0	8,560	(113,880)	0	(113,880)
Less : Transfer to Earmarked Reserves	108,020	0	108,020	108,020	0	108,020
Amount to be met from Government Grants and Local Taxpayers:	£10,525,640	£0	£10,525,640	£10,525,640	£0	£10,525,640
Revenue Support Grant	(773,000)	0	(773,000)	(773,000)		(773,000)
Business Rates	(2,320,000)	0	(2,320,000)	(2,320,000)		(2,320,000)
Transition Grant	(51,940)	0	(51,940)	(51,940)		(51,940)
Local Council Tax Support	107,000	0	107,000	107,000		107,000
New Homes Bonus	(1,882,700)	0	(1,882,700)	(1,882,700)		(1,882,700)
Council Tax Collection Fund	(58,000)	0	(58,000)	(58,000)		(58,000)
Business Rates Collection Fund	310,000	0	310,000	310,000		310,000
Council Tax	(5,857,000)	0	(5,857,000)	(5,857,000)		(5,857,000)

The management restructure transfer is related to the remaining budgets of the former Director of Finance, Revenues and Benefits cost centre that have been transferred temporarily to a restructuring account under the Chief Executive.

There will be a more detailed exercise with regard to the alignment of budgets once the management restructuring is complete.

Revenue Financial Performance – Projected Variance to Budget 2016/17

Area	2016/17						● = adverse ☑ = favourable	Variance to Updated Original Budget £	2016/17 Target Variance (+/-) £
	Updated Original Budget £	Approved Budget £	Year to Date Actual £	Projected Outturn £	Projected Variance £				
Chief Executive	817,340	845,290	350,044	842,690	(2,600)	☑	25,350	7,000	
Finance, Revenues and Benefits	2,339,230	2,281,520	1,565,025	2,275,690	(5,830)	☑	(63,540)	33,000	
Leisure and Parks	3,065,450	3,148,520	1,542,978	3,134,600	(13,920)	☑	69,150	59,000	
Democratic, Development and Legal	929,440	809,830	(497,912)	753,850	(55,980)	☑	(175,590)	63,000	
Community, Housing and Health	2,204,470	2,205,880	863,682	2,142,520	(63,360)	☑	(61,950)	20,000	
Waste Collection	1,274,130	1,258,200	1,540,605	1,248,200	(10,000)	☑	(25,930)	68,000	
Efficiency Plan	(350,000)	(116,780)	-	0	116,780	☑	350,000	-	
Net Cost of Services	10,280,060	10,432,460	5,364,422	10,397,550	(34,910)		117,490	250,000	
Net Treasury Position	(25,000)	(77,460)	(36,587)	(82,460)	(5,000)	☑	(57,460)		
Revenue Contributions to the Capital Programme	154,000	176,500	-	176,500	-		22,500		
Net Operating Cost	10,409,060	10,531,500	5,327,835	10,491,590	(39,910)		82,530		
Transfer (from) / to General Reserve	8,560	(113,880)	-	(120,610)	(6,730)	☑			
Transfer to Earmarked Reserves	108,020	108,020	-	108,020	-				
Net Revenue Expenditure	£10,525,640	£10,525,640	£5,327,835	£10,479,000	(46,640)				
Financed by:									
Retained Business Rates	(2,320,000)	(2,320,000)	(792,248)	(2,241,000)	79,000	●			
Business Rates Cap	-	-	(10,789)	(32,360)	(32,360)	☑			
Revenue Support Grant	(773,000)	(773,000)	(402,191)	(773,000)	-				
Transition Grant	(51,940)	(51,940)	(25,968)	(51,940)					
Parish Local Council Tax Support	107,000	107,000	44,501	107,000	-				
New Homes Bonus	(1,882,700)	(1,882,700)	(944,436)	(1,882,700)	-				
Returned New Homes Bonus	-	-	(4,411)	-	-				
Business Rates Collection Fund Deficit	310,000	310,000	-	310,000					
Council Tax Collection Fund (Surplus)	(58,000)	(58,000)	(24,167)	(58,000)	-				
Council Tax	(5,857,000)	(5,857,000)	(2,098,670)	(5,857,000)	-				

Analysis of gross expenditure, income and net expenditure for 2016/2017

Area	Approved Budget			Projected Outturn £
	Gross Expenditure £	Gross Income £	Net Expenditure £	
Chief Executive	851,990	(6,700)	845,290	842,690
Finance, Revenues and Benefits	23,232,750	(20,951,230)	2,281,520	2,275,690
Leisure and Parks	5,729,940	(2,581,420)	3,148,520	3,134,600
Democratic, Development and Legal	4,849,250	(4,039,420)	809,830	753,850
Community, Health and Housing	2,545,680	(339,800)	2,205,880	2,142,520
Waste	5,192,020	(3,933,820)	1,258,200	1,248,200
Efficiency Plan	(116,780)	-	(116,780)	-
Net cost of services	42,284,850	(31,852,390)	10,432,460	10,397,550
Net Treasury Position	135,760	(213,220)	(77,460)	(82,460)
Revenue Contributions to the Capital Programme	176,500	-	176,500	176,500
Net Revenue Expenditure	£42,597,110	(£32,065,610)	£10,531,500	£10,491,590

Reasons for the 6 Months Budget Performance

Net Operating Cost

Projected Variance £		Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(2,600)	Chief Executive	-	(2,600)	-	-
(5,830)	Finance, Revenues and Benefits	14,630	(5,830)	(14,630)	-
(13,920)	Leisure and Parks	(2,540)	(11,380)	-	-
(55,980)	Democratic, Development and Legal Services	(3,420)	(43,550)	(9,010)	-
(63,360)	Community, Housing and Health	(18,720)	(44,640)	-	-
(10,000)	Waste Collection Service	-	(1,000)	-	(9,000)
(5,000)	Net Treasury Position	-	-	(5,000)	-
(£156,690)	Net Operating Cost	(£10,050)	(£109,000)	(£28,640)	(£9,000)

Chief Executive

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(2,600)	Communications – reduction in employee hours	-	(2,600)	-	-
(£2,600)	Total	-	(£2,600)	-	-

Finance, Revenues and Benefits

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
-	Adjustment following Balance Sheet Review (see below)	14,630	-	(14,630)	-
(5,830)	Budgets identified as no longer required	-	(5,830)	-	-
(£5,830)	Total	£14,630	(£5,830)	(£14,630)	-

Leisure and Parks

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(25,000)	Trunk roads sweeping not required	(25,000)	-	-	-
(6,140)	Depot repairs/equipment not required	(6,140)	-	-	-
9,000	Failure to transfer parks land to Burntwood Town Council	-	9,000	-	-
28,600	Prior years Chasewater fees now invoiced – funds transferred to General Reserves in previous year	28,600	-	-	-
(20,380)	Budgets identified as no longer required	-	(20,380)	-	-
(£13,920)	Total	(£2,540)	(£11,380)	-	-

Democratic, Development and Legal

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(5,960)	Additional Rental income	-	-	(5,960)	-
(43,550)	Budgets identified as no longer required	-	(43,550)	-	-
(3,420)	Reduction in legal fees	(3,420)	-	-	-
(3,050)	Additional legal fee income	-	-	(3,050)	-
(£55,980)	Total	(£3,420)	(£43,550)	(£9,010)	-

Balance Sheet Review

A review of debtors and creditors on the Balance Sheet has taken place to identify sums that have been there for a number of years or where the amount has not changed to identify those that are no longer required and need to be transferred to the Revenue Budget.

Community, Housing and Health

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(11,490)	Budgets identified as no longer required	-	(11,490)	-	-
(15,000)	Bed & Breakfast void loss budget reduced	-	(15,000)	-	-
(15,000)	Homelessness prevention budget reduced	-	(15,000)	-	-
(11,670)	Earmarked Reserve no longer required	(11,670)	-	-	-
(10,200)	Employee recruitment lower than budgeted	(7,050)	(3,150)	-	-
(£63,360)	Total	(£18,720)	(£44,640)	-	-

Waste Services

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(10,000)	Trade Waste – Additional Contracts	-	(1,000)	-	(9,000)
(£10,000)	Total	-	(£1,000)	-	(£9,000)

Net Treasury Position

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(5,000)	Other Investment Income	-	-	(5,000)	-
(£5,000)	Total	-	-	(£5,000)	-

Funding

Projected Variance £	Directorate	Expenditure		Income	
		One Off £	Recurring £	One Off £	Recurring £
(32,360)	Additional Funding Business Rates Multiplier Cap	-	-	(32,360)	-
79,000	Reduction in Retained Business Rates – additional net levy	-	-	79,000	-
(£46,640)	Net Operating Cost	-	-	(£46,640)	-

Capital Programme Performance in 2016/17

Priority	Original Budget £	Current Budget £	Year to Date Actual £	Projected Outturn £	Projected Variance £		Variance to Original Budget £
Healthy and safe communities	2,771,000	1,918,000	409,942	1,828,000	(90,000)	☑	(943,000)
Clean, green and welcoming places to live	1,219,000	2,101,500	17,075	2,001,500	(100,000)	☑	782,500
A vibrant and prosperous economy	2,749,000	2,910,500	74,497	2,820,500	(90,000)	☑	71,500
A council that is fit for the future	766,000	785,500	16,894	641,500	(144,000)	●	(124,500)
Total Capital Expenditure	£7,505,000	£7,715,500	£518,407	£7,291,500	(£424,000)		(£213,500)

KEY : ☑ Projected actual within **£0.1m** of our current budget
 ● Projected actual not within **£0.1m** of our current budget

Vehicle, Equipment and Systems Renewal Schedule 2016/17

The vehicle, equipment and systems renewal schedule in 2016/17 included in the Capital Programme is shown in the table below:

Area	Vehicle Type	Capital Programme	Progress on procurement during 2016/17
Joint Waste Grounds Maintenance	New Arrangement Invest to Save	£1,314,000 £47,000	In progress. This budget is utilised to fund Invest to Save Business Cases.
Grounds Maintenance Environmental Health Vehicle	Sinking Fund Van	£24,000 £24,000	Purchased

Capital Investment at Burntwood Leisure Centre - The Sinking Fund

Under the terms of the funding agreement with the National Lottery in relation to Burntwood Leisure Centre (BLC), LDC is required to set aside resources to be used for the future repair and renewal of BLC in a 'Sinking Fund'. Monitoring information for all approved projects is shown in the table below:

Project Name	Annual Spend in 2016/17		
	Current Budget £	Projected Outturn £	Variance £
Planned maintenance	£95,000	£95,000	£0
TOTAL	£95,000	£95,000	£0

Council Tax

Collection Performance

	Council Tax			
	30th Sept 2015	30th Sept 2016	Change	
Amount Collected as a %	57.80%	57.70%	(0.10%)	●
In year arrears outstanding	£847,396	£916,692		
Previous years arrears	£962,955	£1,039,989		
Total arrears outstanding	£1,810,351	£1,956,682	8.08%	●
Write offs	£18,609	£34,282	84.22%	●

Collection Fund

	Budget £m	30-Sep-16 £m	Projected Outturn £m	Projected Variance £m
(Surplus) / Deficit Brought Forward	(£0.45)	(£0.32)	(£0.32)	£0.13
Amount Due	(£56.34)	(£56.91)	(£56.87)	(£0.53)
Bad Debt Provision	£0.00	£0.03	£0.10	£0.10
Payments to Partners including LDC	£56.34	£56.34	£56.34	£0.00
Transfers estimated surplus to Partners	£0.45	£0.45	£0.45	£0.00
(Surplus) / Deficit Carried Forward	(£0.00)	(£0.41)	(£0.30)	(£0.30)
Share of the (Surplus) or Deficit				
Lichfield District Council	(0.00)	(0.05)	(0.04)	(0.04)
Office of the Police and Crime Commissioner Staffordshire	(0.00)	(0.05)	(0.03)	(0.03)
Staffordshire County Council	(0.00)	(0.29)	(0.21)	(0.21)
Staffordshire Fire and Rescue	(0.00)	(0.02)	(0.01)	(0.01)
	(£0.00)	(£0.41)	(£0.30)	(£0.30)

Lichfield District Council Projected (Surplus) / Deficit in 2016/17 to be included in 2017/18 Budget	(£0.04)
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Business Rates

The Council's Retained Business Rates Income

The Council's Budget in 2016/17				
	Budget £	30-Sep-16 £	Projected Outturn £	Projected Variance £
NNDR 1 Based Retained Business Rates				
Retained Business Rates	(£13,507,000)	(£13,507,000)	(£13,507,000)	£0
<u>Section 31 Grants (Lichfield's 40% Share)</u>				
Small Business Rates Relief	(£373,000)	(£382,400)	(£382,400)	(£9,400)
New Empty Properties	£0	£0	£0	£0
Long Term Empty Properties	£0	(£800)	(£800)	(£800)
Retail Relief	(£5,000)	£12,000	(£5,600)	(£600)
Less : Tariff Payable	£11,270,000	£11,270,000	£11,270,000	£0
Pre Levy or Safety Net Income	(£2,615,000)	(£2,608,200)	(£2,625,800)	(£10,800)
NNDR 3 Based Levy Payments				
Less : Levy Payable @ 50%	£338,000	£771,600	£470,400	£132,400
Volatility Allowance	£67,000	£67,000	£67,000	£0
Levy from the Business Rates Pool (32.5%)	(£110,000)	(£251,000)	(£153,000)	(£43,000)
Post Levy or Safety Net Income	(£2,320,000)	(£2,020,600)	(£2,241,400)	£78,600

Collection Performance

	Non Domestic Rates			
	30th Sept 2015	30th Sept 2016	Change	
Amount Collected as a %	56.50%	58.01%	1.51%	<input checked="" type="checkbox"/>
In year arrears outstanding	£470,683	£772,795		
Previous years arrears	£296,851	£447,071		
Total arrears outstanding	£767,534	£1,219,865	58.93%	●
Write offs	£87,786	£103,595	18.01%	●

Collection Fund

	Budget £m	30-Sep-16 £m	Projected Outturn £m	Projected Variance £m
(Surplus) / Deficit Brought Forward	£1.46	£0.22	£0.22	(£1.25)
Amount Due	(£34.53)	(£36.09)	(£34.96)	(£0.43)
Bad Debt Provision	£0.32	£0.44	£0.44	£0.12
Appeals	£0.32	(£0.27)	£0.00	(£0.32)
Payments to Partners including LDC	£33.77	£33.77	£33.77	£0.00
Collection Allowance	£0.12	£0.12	£0.12	£0.00
Transitional Protection	£0.00	£0.00	£0.00	£0.00
Transfers estimated deficit from Partners	(£1.46)	(£1.46)	(£1.46)	£0.00
(Surplus) / Deficit Carried Forward	£0.00	(£3.27)	(£1.87)	(£1.87)
Share of the (Surplus) or Deficit				
Lichfield District Council (40%)	£0.00	(£1.31)	(£0.75)	(£0.75)
Central Government (50%)	£0.00	(£1.63)	(£0.94)	(£0.94)
Staffordshire County Council (9%)	£0.00	(£0.29)	(£0.17)	(£0.17)
Staffordshire Fire and Rescue (1%)	£0.00	(£0.03)	(£0.02)	(£0.02)
	£0.00	(£3.27)	(£1.87)	(£1.87)

Lichfield District Council Projected (Surplus) / Deficit in 2016/17 to be included in 2017/18 Budget	(£0.75)
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Favourable ● Adverse

Sundry Debtor Performance

Details	30th Sept 2015	30th Sept 2016	All Debts Change (%)	Variance
	All Debts £	All Debts £		
Value of sundry income raised in quarter	1,304,482	1,717,277	31.64%	☑
Value of debts written off	-	30,356	100.00%	●
Value of all invoices outstanding	1,556,749	1,938,321	24.51%	●
% of income raised	119.34%	112.87%	(6.47%)	

Aged Debt Analysis				
Less than 6 months	950,721	1,255,868	32.10%	●
More than 6 months	606,028	682,453	12.61%	●

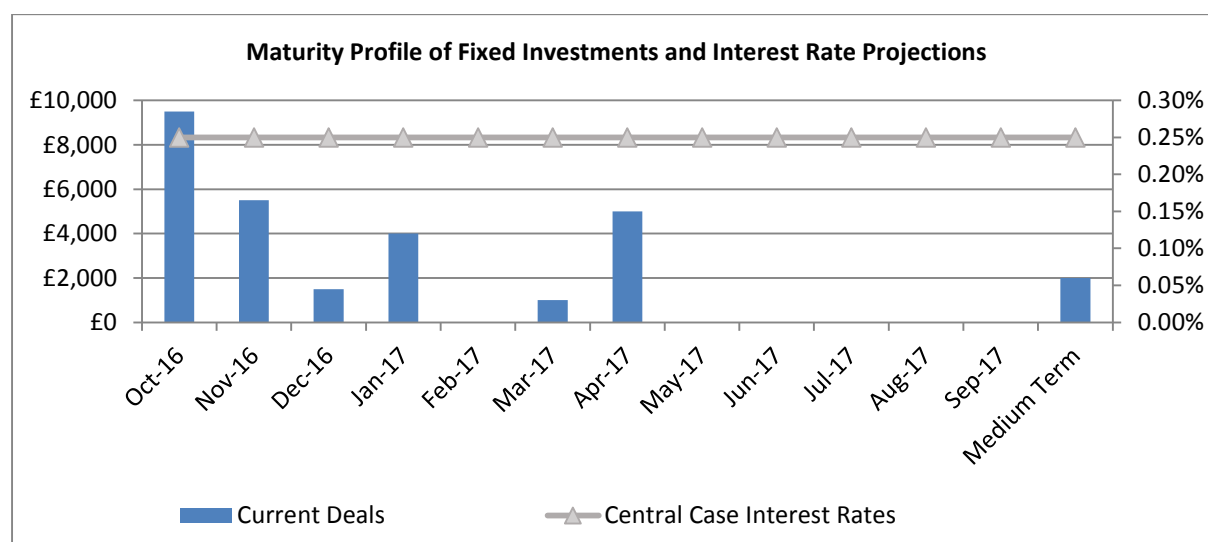
☑ Favourable ● Adverse

Investments in the 2016/17 Financial Year

The table below shows a breakdown of our investments at the end of September 2016:

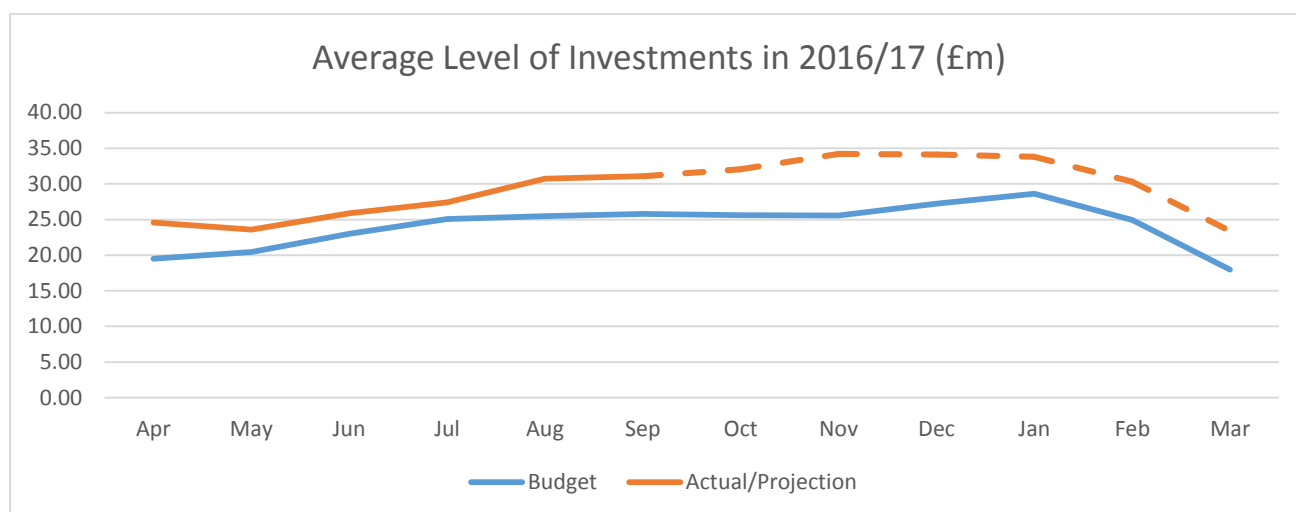
Counterparty	Principal	Matures	Days to Maturity	Rate	Lowest Credit Rating	Country
Money Market Funds						
LEGAL & GENERAL INVESTMENT MANAGEMENT	£1,000,000	01-Oct-16	1	0.35%	AA-	N/A
BNP PARIBAS ASSET MANAGEMENT	£1,000,000	01-Oct-16	1	0.41%	A+	N/A
INVESCO AIM	£1,000,000	01-Oct-16	1	0.36%	AA-	N/A
ABERDEEN ASSET MANAGEMENT	£1,000,000	01-Oct-16	1	0.38%	AA-	N/A
Property Fund						
CCLA - LAMIT PROPERTY FUND	£2,000,000	30-Apr-21	N/A	4.30%	N/A	UK
Fixed Term Investments						
NATIONWIDE BUILDING SOCIETY	£1,000,000	18-Oct-16	18	0.71%	A	UK
LLOYDS BANK PLC	£1,000,000	16-Nov-16	47	1.07%	A	UK
NATIONAL COUNTIES BUILDING SOCIETY	£500,000	09-Dec-16	70	0.72%	NR	UK
DBS BANK LTD	£1,000,000	18-Apr-17	200	0.48%	AA-	SINGAPORE
UNITED OVERSEAS BANK LTD	£1,000,000	18-Nov-16	49	0.72%	AA-	SINGAPORE
CLOSE BROTHERS LTD	£1,000,000	31-Oct-16	31	0.67%	A	UK
LANDESBANK HESSEN-THURINGEN	£1,000,000	17-Mar-17	168	0.43%	A	GERMANY
COMMONWEALTH BANK OF AUSTRALIA	£1,000,000	03-Oct-16	3	0.63%	AA-	AUSTRALIA
COVENTRY BUILDING SOCIETY	£500,000	05-Oct-16	5	0.59%	A	UK
AUST AND NZ BANKING GROUP	£1,000,000	12-Dec-16	73	0.53%	AA-	AUSTRALIA
BARCLAYS BANK PLC	£1,000,000	19-Oct-16	19	0.42%	A-	UK
SALFORD CITY COUNCIL	£1,000,000	28-Oct-16	28	0.55%	AA	UK
THURROCK BOROUGH COUNCIL	£2,000,000	11-Apr-17	193	0.40%	AA	UK
Call Accounts with Notice Period						
SANTANDER UK PLC	£1,000,000	29-Mar-17	180	0.90%	A	UK
SVENSKA HANDELSBANKEN-A SHS	£1,000,000	04-Nov-16	35	0.25%	AA-	SWEDEN
Treasury Bills						
	£2,000,000	16-Jan-17	108	0.30%	AA	UK
Treasury Bills						
	£2,500,000	14-Nov-16	45	0.21%	AA	UK
Certificates of Deposit						
NORDEA BANK AB	£1,000,000	13-Apr-17	195	0.75%	AA-	SWEDEN
COOPERATIEVE RABOBANK UA	£1,000,000	05-Jan-17	97	0.72%	A+	NETHERLANDS
TORONTO-DOMINION BANK	£1,000,000	27-Jan-17	119	0.92%	AA-	CANADA
Total Investments	£28,500,000					

The maturity profile of these investments at 30 September 2016 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



Cash Flow for 2016/17

The graph below compares the budget for average investment levels in 2016/17 with the actual levels.



Performance of the Treasury Management Function

The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

Security:

Our aim for the risk status of our portfolio was **A-** utilising the lowest rating from the three credit rating agencies.

The investments outstanding at the 30 September 2016 had a risk status of **AA-** based on the length of the investment and **AA-** based on the value of the investment, which is a more secure risk status. These risk statuses are both compliant with our aim and the recommendations from our Treasury Management advisors.

In addition, we are currently keeping the length of our investments relatively short term to ensure that we can react to changes in counterparty credit risk very easily.

The time limits were relatively short to manage counterparty credit risk (a bank or building society being unable to repay our investment). We also maintained balances in Money Market Funds to provide for unforeseen cash flow requirements. The average length of investments we made in 2016/17 was **220 days**.

Liquidity:

Measuring the performance in relation to liquidity is a much more difficult task and the easiest way to assess performance is to see how frequently we needed to borrow on a temporary basis during the financial year. We are actively managing liquidity risk in 2016/17 by purchasing Certificates of Deposit and Treasury Bills because they can be sold on the secondary market in the event the money is required for unforeseen circumstances. We also have significant sums invested in call accounts and Money Market Funds which provide instant access to cash. Therefore, due to the level of our liquid investments in 2016/17 we did not need to temporarily borrow.

Yield:

In the three months of 2016/17 we have achieved an average interest rate of **0.76%** (we project this to reduce following the recent 0.25% reduction in interest rates) and this compares to our performance indicator of the average 7-day London Inter-bank Bid (LIBID) rate, which was **0.28%**, the 1 month rate was **0.30%**, the 3 month rate was **0.38%** and the 6 month rate was **0.51%**.

In terms of interest receipts, there are two key risks/sensitivities:

- a) The interest rate receivable.
- b) The amount of money we have available to invest.

The interest rates, amounts of money we had available to invest, interest receipts, interest paid and net investment income is shown in the table below:

Details	2016/17 Current Budget	2016/17 Projected Outturn
Average amount we had available to invest (£m)	£27.44m	£29.22m
Average Interest Rate (%)	0.78%	0.71%
Interest Receipts	(181,355)	(186,460)
Interest Paid and Other Costs	4,500	4,500
Net Investment Income (£)	(£176,855)	(£181,960)
Car Loan and Other Interest	(1,000)	(1,000)
External Borrowing Interest	37,400	37,400
Minimum Revenue Provision	63,000	63,000
Net Treasury Position (£)	(£77,455)	(£82,560)

Devolution and Combined Authority update

Leader of the Council, Councillor M Wilcox.

Date: 15th November 2016

Agenda Item: 6

Contact Officer: Diane Tilley

Tel Number: 01543 308001

Email: diane.tilley@lichfielddc.gov.uk

Key Decision? N

Local Ward Members All ward members.



Strategic Overview and Scrutiny Committee

1. Executive Summary

- 1.1 The purpose of this report is to update the Strategic Overview and Scrutiny Committee on the matters of Devolution and Combined Authorities, following the decision taken in October 2015 not to become a non-constituent member of the then emerging West Midlands Combined Authority (WMCA).
- 1.2 The report updates on the progress made by the WMCA, outlines the discussions that have taken place with Staffordshire and Stoke Leaders and Chief Executives and reviews the position nationally.

2. Recommendations

- 2.1 To consider the detail provided and discuss, identifying any future actions the Committee would like Cabinet to consider.

3. Background

- 3.1 A report was put to Council in October 2015 to consider becoming a non-constituent member of the then emerging WMCA. The Council declined the invitation at that point. Amongst other concerns, it had, the Council wished to better understand the implications of becoming a member and wished to consider proposals that might emerge from the Staffordshire and Stoke local government family regarding a devolution deal for that geographic area. Earlier this year the WMCA issued a further invitation to become a non-constituent member before the WMCA was formally launched. It was considered premature to reconsider the position at that time. Since that time there have been developments locally and nationally which this report summarises.
- 3.2 **The West Midlands Combined Authority.** The Authority has been formally launched (June 2016) and now operates as a Combined Authority. Portfolio responsibilities have been allocated to Constituent members and Warwickshire County Council. A schedule of the Boards, Committees and portfolio appointments and structures is attached at **Appendix A**. A Mayoral order has been passed and the election for the first Mayor will take place in May 2017. As we are not part of the WMCA in our own right, we do not have as much visibility of the work streams and initiatives that are being taken as we did when we were considering our position. We are aware though that a number of work streams are in train including:

- Land Commission. A review of what needs to be done to ensure that adequate land is made available for development across the geographic area of the Combined Authority¹. We have submitted evidence to the Commission as an Authority included within the geography of the GBSLEP which is part of the WMCA.
- Mental Health Commission. Chaired by Norman Lamb MP this work is focussed on identifying ways in which the pressing issues of mental health can be better addressed across the metropolitan areas
- Skills Commission. Led by the GBSLEP this work stream is considering how to best improve the skills training and development across the geographic area.
- 100% retention of Business rates. The WMCA is seeking to be a pilot for 100% business rate retention but it has been confirmed that this is only in respect of the Metropolitan constituent councils and does not affect the GBSLEP business rate pool, of which we are a member. The pilots are being operated on the basis that no other council will be put at a financial disadvantage so we do not anticipate that there will be any need to review this position until we have more clarity on the way in which retention of business rates is to operate nationally and locally.
- Strategic Economic Strategy. Known as the Super SEP, this has been launched in July 2016. It sets out the aspiration of the WMCA for growth.
- Devo 2. Following the negotiation and agreement of a Devolution deal with government which brings £40m per annum for the next 30 years to the area, a second devolution deal is now being negotiated to explore the possibility of further devolution and funding being made available at a WMCA level. This is a common feature of the existing approved deals, based on the premise that once a deal has been agreed further powers and funding will devolve over time.

The membership of the WMCA continues to evolve with some Warwickshire Districts and Warwickshire County Council joining as non-constituent members shortly before the deadline. Others have also expressed an interest including the Marches Local Enterprise Partnership. A list of members present and proposed can be found at **Appendix B**. It is not known how this expanding geography will impact on the original three LEP geography on which the original concept was based. It is anticipated that any authority wishing to join will now need to wait until after the Mayoral elections in late 2017

Further information can be found at www.westmidlandscombinedauthority.org.uk

3.3 Staffordshire and Stoke - Devolution and Public Sector Reform.

After lengthy and detailed discussion no bid for devolution is being put forward from Staffordshire and Stoke. Initial contact was made with DCLG by Staffordshire County Council expressing an interest and work was done on developing an economic strategy but it became clear in discussion that there was no appetite for an elected mayor and without commitment to that, a devolution deal would not be considered. Many of the aspirations that the county wanted could actually be achieved by closer working and there was little clarity on what was being asked of government. The mixed geography, with two districts already constituent members of WMCA also influenced this decision. The tensions between the need for Combined Authorities to focus on economic geography and the administrative and service delivery configuration of a county could not be overcome. Staffordshire County Council

¹ NB. As the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) is a non-constituent member of the WMCA in its own right, the geographic area of the WMCA includes Lichfield District but no funding, powers or control will be exercised over our area.

have since stated their commitment to public sector reform but there are no proposals on the table to take either any work streams or individual initiatives forward in this respect.

3.4 National Picture

The national picture has evolved considerably over the last 12 months. You will be aware that there are still no individual County based devolutions deals, with the exception of Cornwall, and that in some areas initial strong progress on formation of devolution deals and Combined Authorities have struggled to reach final agreement on a Mayor or the detail of the powers and funding to be devolved from central government. In some areas the discussions have led to proposals for local government reorganisation which is severely affecting county/district relationships in some cases. It is widely reported that the current government model is only seen as appropriate for Metropolitan areas. A position statement as at September 2016 (prepared by SCC/SSLEP) is attached at **Appendix C**.

3.5 Summary

At this stage it is not clear whether alternative models of devolution without the need for a Mayor will develop under the new Government and the forthcoming Autumn statement on 23rd November may shed more light on their approach to devolution and public sector reform.

We shall continue to monitor the position.

Through continuing involvement in the GBSLEP, we will monitor progress and opportunities presented by the WMCA. At present we are aware that allocations of some funds, such as for land remediation to enable sites to come forward for development, will not be available on land in Lichfield District whereas they will in Tamworth and Cannock. In a competitive market this could, of course, push development to those areas with more financial support. At present it is too early to evidence this possibility.

The district will also be affected by HS2; with our community we have done as much as we can to mitigate the impact of this major infrastructure project and through the GBSLEP it is important that we keep abreast of developments of the WMCA HS2 Growth Strategy to ensure that any economic benefits are shared.

Further information on devolution can be found at www.local.gov.uk/devolution

Alternative Options	This paper is for information and therefore there are no options to consider.
Consultation	This paper is for information and there are no consultation issues to consider.
Financial Implications	This paper is for information and as such there are no financial implications
Contribution to the Delivery of the Strategic Plan	Devolution and Combined Authorities relate to the ambitions of economic growth and public sector reform

Equality, Diversity and Human Rights Implications	There are no implications in this report.
Crime & Safety Issues	There are no implications in this report.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	That funding available to WMCA constituent and non-constituent authorities will not be available to LDC thus directing economic growth to neighbouring authorities	Continue to monitor the position	Green (tolerable)

Background documents: Previous Council report dated October 2015

Relevant web links: www.westmidlandscombinedauthority.org.uk www.local.gov.uk

Alignment of Boards, Committees and Working Groups to Portfolios

This document provides an overview of each of the portfolios and which groups (Boards, Committees and Working Groups) are aligned to them. It also identifies which Non-Constituent Members (NCMs) have been assigned to each of the groups (where know). The governance consists of 2 structures: 1) Councillor and Local Enterprise Partnership (LEP) Boards / Groups and 2) Officer Groups. These are differentiated between using the following colour key:

Councillor and LEP Boards / Groups

Officer Groups

Ref	Portfolio	Purpose	Board / Committee / Working Group (as per Governance Structure)	Non-Constituent Authority	Non-Constituent Member
1.0	Chair of WMCA (Bob Sleigh)	Drive forwards the delivery of HS2 Growth Strategy and lead the devolution deal negotiations and delivery. Focus includes: HS2 growth strategy, devolution deals and communications & engagement.	HS2 Delivery Programme Board	North Warwickshire	Jerry Hutchinson (CEX)
			1 NCM Ch Ex rep to be appointed.	North Warwickshire	Steve Maxey (ACE)
			SEP Board	Nuneaton & Bedworth Borough Council	Cllr Dennis Harvey
			Appoint 1 Leader of a NC Council within B&S LEP area ✓	Redditch Borough Council (GBSLEP area)	Cllr Hartnett (Leader)
				Rugby Borough Council	Cllr Michael Stokes
				Cannock Chase District Council	Cllr George Adamson
				Nuneaton & Bedworth Borough Council	Cllr Dennis Harvey
				Redditch Borough Council	Cllr Bill Hartnett
				Tamworth Borough Council	Cllr Steve Claymore
				Telford & Wrekin Council	Cllr Shaun Davies
				Stratford-on-Avon District Council	Cllr Chris Saint
				Shropshire Council	Cllr Malcolm Pate
				Warwickshire County Council	Cllr Izzi Seccombe
				Rugby Borough Council	Cllr Michael Stokes
				North Warwickshire Borough Council	Cllr David Humphreys
	Herefordshire Council	Awaiting approval			
		North Warwickshire	Jerry Hutchinson		
		Stratford-on Avon District Council	Dave Webb		
		Warwickshire County Council	Monica Fogarty		
2.0	Health & Wellbeing (Peter Lowe)	Effective reform of public services and fulfilment of wider economic objectives through analysing the role mental health plays in driving demand for services. Focus includes: Health and Wellbeing, mental	Public Service Board	Redditch Borough Council	Kevin Dicks
			3 NCMs need to be appointed.		
			Public Service Reform Board	Redditch Borough Council	Cllr Hartnett
			NCM Councillors need to be appointed - query on number.	Shropshire Council	Cllr Karen Calder
		Rugby Borough Council	Cllr Michael Stokes		
		Wellbeing Board	Shropshire Council	Cllr Karen Calder	

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		health, mental health commission and health devolution.	Work underway to establish board.	Telford & Wrekin Council	Cllr Richard Overton (Dep. Leader)
			Mental Health Commission Mental Health Steering Group	Tamworth Council	Tony Goodwin (CEX)
			Public Sector Reform - Health and Wellbeing and Mental Health Working Group	SN has proposed the removal of the group.	
3.0	Economic Growth (John Clancy)	Driving forwards the delivery of the Strategic Economic Plan, working alongside associated portfolios to improve GVA for the region in line with the UK average. Focus includes: delivery of Strategic Economic Plan, access to finance for business, collective investment fund, WMCA growth company, international trade & exports, digital strategy and arts and cultural activity.	SEP Board	As previous.	As previous.
			Collective Investment Fund Working Group	No requirements for NCMs to attend.	
			Arts and Culture Working Group 1 member per non con member need to be appointed.	Stratford-on-Avon DC	Cllr Dave Riches
				Shropshire Council	Cllr Cecilia Motley
				Rugby Borough Council	Cllr Michael Stokes
				Nuneaton & Bedworth Borough Council	Cllr Ian Lloyd
4.0	Public Service Reform (Steve Eling)	Drive public service reform and look at system changes that can reduce demand and enable better life chances for the residents of the West Midlands. Focus includes: Public Service reform agenda, troubled individuals, criminal justice, welfare reform and shared services.	Public Service Board 3 NCMs need to be appointed.	Redditch Borough Council	Kevin Dicks
				Redditch Borough Council	Cllr Bill Hartnett
			Public Service Reform (PSR) Executive	Redditch Borough Council	Kevin Dicks
			Public Sector Reform - Skills and Employability, Troubled Individuals and Criminal Justice Working Group Number of NCM Councillors required to be determined. 1 NCM council Chief Exec rep required.	Stratford-on-Avon DC	Cllr Chris Saint
				Shropshire Council	Cllr David Minnery
				Telford & Wrekin Council	Cllr Gilly Reynolds
5.0	Skills & Productivity (George Duggins)	Drive forwards the agenda to tackle the skills challenge in the West Midlands, initially through the productivity and skills commission. Focus includes: skills and productivity commission (employability) learning for the future and further Education (FE) area reviews	Productivity and Skills Commission	No requirements for NCMs to attend.	
			Productivity Working Group 1 NCM to be appointed	Shropshire Council	Cllr David Minnery
			Public Sector Reform - Skills and Employability, Troubled Individuals and Criminal Justice Working Group	As previous.	

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6.0	Housing & Land (Sean Coughlan)	Ensure that there is sufficient land and investment identified across the West Midlands to enable the implementation of the WMCA SEP. Focus includes: land commission, land remediation fund, housing delivery and one public estate.	Land Commission	No requirements for NCMs to attend.	
			Housing, One Public Estate and Land Remediation Delivery Board Number of NCM councillors required TBC. Clarity needed on membership.	Stratford-on-Avon DC	Cllr Robert Vaudry
				Shropshire Council	Cllr Mal Price
				North Warwickshire	Cllr David Humphreys
				North Warwickshire	Steve Maxey
				Rugby Borough Council	Cllr Michael Stokes
Telford & Wrekin Council	Cllr Richard Overton (Dep. Leader)				
7.0	Transport (Roger Lawrence)	Deliver the objectives and policies set out in the West Midlands Strategic Transport Plan and the HS2 Growth Strategy. Improve working relationship with National Rail and Highways England through Midlands Connect and West Midlands Rail. Supporting WMCA's objectives of improving economic growth, improving air quality and improving traffic congestion across the West Midlands. Focus includes: delivery of strategic transport plan, Midlands Connect, West Midlands rail, HS2 delivery transport and transport delivery committee.	Transport Delivery Committee (TDC)	No requirements for NCMs to attend.	
			Strategic Transport Officers Group (STOG)	Shropshire Council	James Willocks
			HS2 Delivery Programme Board	As previous.	
			West Midlands Rail Ltd	No Board or Group in CA structure.	
			West Midlands Connect	No Board or Group in CA structure.	
8.0	Finance & Investments (Izzi Seccombe)	Developing the investment strategy, investment lead for the West Midlands Combined Authority including the Collective Investment Fund. Focus includes: Combined Authority budget, business rates, business rates pooling and fiscal devolution.	Investment Board NCM requirement to be established.	Stratford-on-Avon	Cllr Peter Richards
				Shropshire Council	Cllr Steve Charmley
				North Warwickshire	May submit when clarified
				Telford & Wrekin Council	Cllr Lee Carter
			Collective Investment Fund Working Group	As previous.	As previous.
			Investment Advisory Committee NCM need to be appointed.		
Technical Appraisal Panel Rob to clarify if NCM representation is required.					
9.0	Midlands Engine (TBC)	Ensuring a strong link and alignment with the Midlands Engine agenda. Driving forwards, together with the other Midlands Engine public sector bodies, the skills and	Midlands Connect	No Board or Group in CA structure.	

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		innovation agenda, support the growth ambitions of business, and work with the Government and private sector partners to deliver the transport ambitions of Midlands Connect. Regional representative for the West Midlands Combined Authority and promoting the Midlands Engine nationally and internationally.				
10.0	Additional Groups		Audit and Standards Committee	Cannock Chase District Council	Cllr Maureen Freeman	
				Nuneaton & Bedworth Borough Council	Cllr John Haynes	
				Redditch Borough Council	Cllr John Fisher	
				Tamworth Borough Council	No nomination	
				Telford & Wrekin Council	Cllr Rob Sloan	
				North Warwickshire	TBC	
			Overview and Scrutiny Committee	Cannock Chase District Council	Cllr Paul Witton	
				Nuneaton & Bedworth Borough Council	Cllr John Glass	
				Redditch Borough Council	Cllr Jenny Wheeler	
				Tamworth Borough Council	Cllr Dr. Simon Peale	
				Telford & Wrekin Council	Cllr Nathan England	
			Policy Development & Delivery Boards	Group to be established as required.		
				Telford and Wrekin Council	Richard Partington	
				Redditch Borough Council	Kevin Dicks	
				Nuneaton and Bedworth Council	Alan Franks	
				Tamworth Borough Council	Tony Goodwin	
				Cannock Chase District Council	Tony McGovern	
				Stratford on Avon District Council	Dave Webb	
				Shropshire Council	Clive Wright	
				Warwickshire County Council	Monica Fogarty	
North Warwickshire Borough Council	Jerry Hutchinson					
Rugby Borough Council	Adam Noborn					
Herefordshire Council	Awaiting Approval					
Marches LEP	Gill Hammer					
Combined Authority Management Board Kevin to liaise with Martin to explore opportunity to observe.	No requirements for NCMs to attend.					

Constituent members

Birmingham City Council
Coventry City Council
Dudley Metropolitan Borough Council
Walsall Council
City of Wolverhampton Council
Sandwell Metropolitan Borough Council
Solihull Metropolitan Borough Council

Non constituent members

Cannock BC
Tamworth BC
Redditch BC
Nuneaton and Bedworth BC
Telford and Wrekin BC
Shropshire Council
Warwickshire County Council
Stratford upon Avon DC
Rugby Borough Council
North Warwickshire Borough Council
Greater Birmingham and Solihull LEP
Black Country LEP
Coventry and Warwickshire LEP

Applications pending

Marches LEP

Introduction

The issue of devolution to non-metropolitan areas in England has been the subject of much debate, discussion and disagreement over the past eighteen months. The previous administration appeared to focus upon city regions as the main beneficiaries of devolution and with this the requirement for a directly elected mayor.

This may now change following the recent E.U. membership referendum and the consequent change in Government. It still remains to be seen what the official policy on devolution will be however, and much may depend upon the invocation of Article 50 to start 'Brexit'.

The New Government

The emergence of Theresa May as Prime Minister has not seen a major change in general policy direction and DCLG (and HMT) seem to remain committed to devolution. There are mixed messages from Government however and sources within government suggest that a new policy position re: devolution is being formulated within DCLG, DBIES, and HMT.

The Government appears to remain committed to devolution, but there may be a softening of their approach and less of an insistence upon a mayor – something that has been a sticking point for many non-metropolitan areas.

The picture is unclear however, and there are reports that the Theresa May could delay or postpone the nine mayoral elections scheduled for May 2017¹.

May to abandon regional mayors?

The Times claims that Theresa May is planning to scrap George Osborne's policy of directly elected mayors for city regions. The paper claims that the PM is nervous that the policy could lead to a Labour revival. "One issue is that although the Labour Party is in meltdown 'mayors' do allow the acceptable face of the party a safe haven and a platform for the next few years," one unnamed source tells the paper. Elsewhere, the Yorkshire Post reports that Owen Smith will not order Yorkshire council leaders to break off devolution talks with the Government if he becomes party leader. It notes that the leadership hopeful criticised the Conservative Government's approach to English devolution but ruled out imposing a blanket ban on Labour council leaders agreeing so-called devolution deals. *The Times, The Guardian, Yorkshire Post, 24th August 2016*

This may be just rumour however, and the plans for elections appear to be going ahead with the Parliamentary orders for mayoral elections for the West Midlands and the North East (Durham etc.) being considered by the House of commons w/c 5th September.

Furthermore, there have been suggestions that an alternative model for non-metropolitan areas may be being developed.

¹ <http://www.themj.co.uk/EXCLUSIVE-DCLG-leaves-door-open-for-delayed-mayoral-elections/205101>

Devolution and Non-Metropolitan Areas

So far the Government has only negotiated devolution deals with metropolitan and unitary authorities. Some of these deals cover non-metropolitan areas - Cornwall, Durham and Northumberland. The emerging Bristol deal will also encompass some of the non-metropolitan areas surrounding the city.

Some of the city region deals that have been agreed have been extended post agreement to include neighbouring county, district, and non-metropolitan unitary councils as non-constituent members (NCM) (the WMCA being a case in point), but the Government has not yet negotiated and agreed a deal with a non-metropolitan area that includes two-tier 'Shire England'.

There are some devolution plans or deals that will be of particular interest to Staffordshire authorities, as outlined below (NB. this list is not exhaustive):

Cornwall

Cornwall has an agreed devolution deal and was one the first areas to do so. There is no provision for an elected mayor, but this may change if they continue to press for additional powers or funding in the future.

Oxfordshire

No devolution deal was proposed, but the various authorities, plus some from Northamptonshire investigated various models of reorganisation. The results of these investigations have now been published and it is felt that the LAs in the county are no further forward than before.

Greater Lincolnshire

The county, non-met unitary and district councils of Greater Lincolnshire have agreed in principle, a devolution deal with the government. This is broad public support for a devolution deal, but not as much support for an elected mayor.

North Midlands Devolution Deal

This deal with centred upon Nottinghamshire and Derbyshire and included districts and unitary councils in addition to the two county councils was in the advance stages of negotiation until early 2016. It has since stalled however, and there are issues relating to the Sheffield City Region and those districts which seek membership of the Sheffield City Region C.A. as either Constituent Members (CM) or NCMs. (see below). This deal did not include an elected mayor.

Sheffield City Region Devolution Deal

The membership of the Sheffield City Region CA extends into neighbouring Derbyshire and Nottinghamshire with a number of districts from each aiming to become both CMs and NCMs. Bassetleaw DC and Chesterfield BC are planning to join the CA as full members but this is being challenged in the courts by Derbyshire County Council to prevent Chesterfield BC from doing so. This will be a test case, and may determine the future of devolution for two-tier areas.

Leicestershire and Leicester (and possibly Rutland)

The LEP, county council, Leicester City Council and the district councils of Leicestershire have already submitted a proposal for a combined authority for the county. This has not yet been agreed with DCLG; however prior to the recent reshuffle Greg Clark indicated that he was receptive to the idea and to devolution to Leicestershire and Leicester without the need for an elected mayor. A shadow CA has now been established. It should be noted however that the possible deal is limited in its scope and does not include many of the 'big ticket' items of other metropolitan deals.

East Anglia (Cambridgeshire, Peterborough, Norfolk, Suffolk, and maybe Rutland)²

Since the original East Anglia Devolution deal was published in March 2016 discussions with Government have led to a proposal to have two deals (Norfolk/Suffolk and Cambridgeshire/Peterborough) for the region. These include the district councils, but also provide for an elected mayor for each CA too. These deals have yet to be finalised, and ongoing issues remain with some councils still unhappy with the overall proposals.

Three Southern Counties (Surrey CC, East Sussex CC, West Sussex)

The negotiations to develop a deal are continuing locally and with government. As yet nothing has been agreed and there are some conflicts with the possible Greater Brighton bid. It is understood that a mayor is not being considered with them looking instead to have a single 'named person' as a single point of contact.

Hampshire/Solent (Hampshire, Portsmouth, Southampton, Isle of Wight)

This has been a very 'messy' process and a Hampshire 'county' bid is in early development, but does not include a mayor. In addition some parts of the county are looking to present a separate bid to the county council submission, and the Solent authorities are nearing an agreement with the government for their own CA and possibly an elected mayor. Further disagreements are expected and have emerged over the summer period.

Conclusions

As one can see, there is a mixed picture of devolution across the non-metropolitan areas of England. It remains to be seen how the new Secretary of State for Communities and local government, Sajid Javid will handle future proposals and negotiations. The issue of the already capacity of Whitehall to address Devolution whilst the Government is trying to address Brexit also needs to be considered. This may delay progress further and require alternative models of devolution to be considered.

² <https://www.eastangliadevo.co.uk/>